

**VTX HOLDINGS LIMITED  
(TO BE RENAMED 'WANGLE TECHNOLOGIES LIMITED')  
ACN 096 870 978**

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**PROSPECTUS**

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For an offer of up to 200,000 Shares at an issue price of \$0.05 per Share to raise up to \$10,000 (**Offer**).

The Offer is conditional on (amongst other things) the events described in Section 2.7.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

**IMPORTANT INFORMATION**

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The Shares offered by this Prospectus should be considered highly speculative.**

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### INDICATIVE TIMETABLE\*

Event	Date
Lodgement of Prospectus with the ASIC	22 December 2015
Opening Date of Offer	22 December 2015
General Meeting of Shareholders	23 December 2015
Closing Date of Offer	31 December 2015
Settlement of the Acquisition Issue of Acquisition Consideration Shares	1 February 2016
Issue of Shares under the Offer	1 February 2016
Despatch of holding statements	1 February 2016
Expected date for reinstatement to quotation on ASX	Week commencing 8 February 2016

*\* The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.*

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## 1. CORPORATE DIRECTORY

### Directors

Andrew Haythorpe  
*Non-Executive Chairman*

Harry Karelis<sup>1</sup>  
*Non-Executive Director*

James Robinson<sup>1</sup>  
*Non-Executive Director*

### Registered Office

Suite 9  
330 Churchill Avenue  
Subiaco WA 6008

Telephone: + 61 8 6489 1600  
Facsimile: +61 8 6489 1601  
Email: [admin@vtxholdings.com.au](mailto:admin@vtxholdings.com.au)  
Website: [www.vtxholdings.com.au](http://www.vtxholdings.com.au)

### Proposed Directors

Jason Gitmans<sup>2</sup>  
*Proposed Managing Director*

Keaton Wallace<sup>2</sup>  
*Proposed Non-Executive Director*

### Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

### Company Secretary

Loren Jones

### ASX Code

Current: VTX

Proposed: WGL

### Investigating Accountant

Pitcher Partners BA&A Pty Ltd  
Level 1  
914 Hay Street  
Perth WA 6000

### Share Registry

Security Transfer Registrars Pty Ltd  
Suite 1  
770 Canning Highway  
Applecross WA 6153  
Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233

### Auditor

Pitcher Partners Corporate & Audit  
(WA) Pty Ltd  
Level 1  
914 Hay Street  
Perth WA 6000

<sup>1</sup> To resign on Settlement of the Acquisition.

<sup>2</sup> To be appointed, subject to Shareholder approval at the General Meeting, with effect from Settlement of the Acquisition.

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## **2. IMPORTANT NOTICE**

This Prospectus is dated 22 December 2015 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Application will be made to the ASX within seven days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Shares or the Offers or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

### **2.1 Investment Advice**

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

### **2.2 Risks**

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks associated with an investment in the Company. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to Section 5E of the Investment Overview and Section 8 of this Prospectus for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

### **2.3 Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at [www.vtxholdings.com.au](http://www.vtxholdings.com.au). If you are accessing the electronic

version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, free of charge, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at [www.vtxholdings.com.au](http://www.vtxholdings.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## **2.4 Website**

No document or information included on our website is incorporated by reference into this Prospectus.

## **2.5 Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8 of this Prospectus.

## **2.6 Reconciliation with Chapters 1 and 2 of the ASX Listing Rules**

The proposed acquisition by the Company of the issued capital of NexGen Networks Limited a company registered in New Zealand with NZBN 9429041699768) (**NexGen**) will constitute a change to the nature and scale of the Company's activities. Pursuant to ASX Listing Rule 11.1.3, the ASX therefore requires the Company to re-comply with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules, as if applying for admission to the official list of ASX. Accordingly, this Prospectus is issued for the purpose of satisfying Chapters 1 and 2 of the ASX Listing Rules.

## **2.7 Conditional Offer**

The Offer is conditional on:

- (a) the Agreement becoming unconditional;
- (b) Shareholders approving the Transaction Resolutions required to implement the Transaction and the Offer; and
- (c) the Company receiving conditional approval for re-quotations of the Company's Shares on the ASX on terms reasonably acceptable to the Company.

Accordingly, the Offer under this Prospectus is effectively inter-conditional on the successful completion of each other part of the Acquisition.

In the event that those events do not occur, the Offer will not proceed and no Shares will be issued pursuant to this Prospectus. If this occurs, Applicants will be refunded their application monies (without interest).

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### 3. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Directors of VTX Holdings Limited (to be renamed Wangle Technologies Limited) (**Company**), I am pleased to present you with this opportunity to become a Shareholder of the Company.

The Company's current business is focused on smart sustainable pipe repair and rehabilitation. The Company has developed a unique technology known as the "ShieldLiner System" to meet the needs of asset owners in the infrastructure, resource and oil and gas industries.

Recently, the Company has been evaluating new acquisition opportunities, both in Australia and overseas, which have the potential to add Shareholder value.

The Company has entered a binding terms sheet (**Agreement**) with NexGen Networks Limited (a company registered in New Zealand with NZBN 9429041699768) (**NexGen**) and the shareholders of NexGen (**Vendors**) pursuant to which:

- (a) the Company has agreed to acquire 100% of the fully paid ordinary shares in the capital of NexGen (**NexGen Shares**) held by each of the non-New Zealand Vendors (together, the **A Class Vendors**) (**NexGen A Class Shares**), and the New Zealand Vendors (together, the **B Class Vendors**) have agreed to convert 100% of their NexGen Shares into limited-voting B Class shares (**NexGen B Class Shares**) the full terms of which are set out in Section 13.8 (**Acquisition**);
- (b) NexGen has agreed to grant to the Company (or its nominee) an exclusive and irrevocable option to acquire 100% of the intellectual property in which NexGen has, or will acquire, an interest (**IP Option**); and
- (c) the Company has agreed to grant to each of the B Class Vendors the right to require the Company to purchase 100% of the NexGen B Class Shares (**Put Option**),

(all together the **Transaction**).

NexGen is a New Zealand based software technology company which has developed the cutting edge software technology "Wangle". Wangle delivers highly intelligent customised algorithms that enable the recreation and optimisation of data flow between two geographical points on the globe.

Under the Prospectus, the Company is seeking to raise up to \$10,000 via the issue of up to 200,000 Shares at an issue price of \$0.05 per Share (**Offer**).

This Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the ASX Listing Rules required due to the Transaction comprising a change to the nature and scale of the Company's activities. This Prospectus contains detailed information about the Company, NexGen, the Offer, the Transaction and associated transactions, as well as the risks of investing in the Company, and I encourage you to read it carefully.

On behalf of the Board, I am pleased to present this Prospectus to you and invite you to take part in this investment opportunity.

Yours faithfully

**Andrew Haythorpe**  
**Non-Executive Chairman**



#### 4. INVESTMENT OVERVIEW

This Section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
<b>A. Company</b>		
Who is the issuer of this Prospectus?	VTX Holdings Limited (ACN 096 870 978) (ASX: VTX) ( <b>Company</b> or <b>VTX</b> ).	Section 5.1
Who is VTX?	<p>The Company is an Australian company, incorporated on 21 May 2001 and listed on the Australian Securities Exchange on 10 August 2004.</p> <p>The Company's current business is focused on smart sustainable pipe repair and rehabilitation. The Company has developed a unique technology known as the "ShieldLiner System" to meet the needs of asset owners in the infrastructure, resource and oil and gas industries.</p>	Section 5.1
<b>B. The Transaction</b>		
What is the Transaction?	<p>On 16 June 2015, the Company announced that it had entered a binding terms sheet to acquire 100% of the issued share capital in NexGen Networks Limited (a company registered in New Zealand with NZBN 9429041699768) (<b>NexGen</b>).</p> <p>Following a restructure of the proposed transaction, and as announced on 29 October 2015, the Company has entered into a new binding terms sheet (<b>Agreement</b>) with NexGen and the shareholders of NexGen (<b>Vendors</b>) pursuant to which:</p> <p>(a) the Company has agreed to acquire 100% of the fully paid ordinary shares in the capital of NexGen (<b>NexGen Shares</b>) held by each of the non-New Zealand Vendors (together, the <b>A Class Vendors</b>) (<b>NexGen A Class Shares</b>) (being 65.25% of the total issued capital of NexGen), and the New Zealand Vendors (together, the <b>B Class Vendors</b>) have agreed to convert 100% of their NexGen Shares</p>	Section 5.2

Item	Summary	Further information
	<p>into limited voting B Class Shares (being 34.75% of the total issued capital of NexGen) (<b>NexGen B Class Shares</b>) the full terms of which are set out in Section 13.8 (<b>Acquisition</b>);</p> <p>(b) NexGen has agreed to grant to the Company (or its nominee) an exclusive and irrevocable option to acquire 100% of the intellectual property in which NexGen has, or will acquire, an interest (<b>IP Option</b>); and</p> <p>(c) the Company has agreed to grant to each of the B Class Vendors the right to require the Company to purchase 100% of the NexGen B Class Shares (<b>Put Option</b>),</p> <p>(all together the <b>Transaction</b>).</p>	
Who is NexGen?	<p>The NexGen concept was founded in 2013 by experienced technology entrepreneurs and retail executives Jason Gitmans and Robert Pole. NexGen Networks Limited (a company registered in New Zealand with NZBN 9429041699768) (<b>NexGen</b>) was subsequently incorporated in April 2015 and is a New Zealand technology company which has developed the cutting edge software technology “Wangle”. Wangle delivers highly intelligent customised algorithms that enable the recreation and optimisation of data flow between two geographical points on the globe.</p>	Section 7
What industry will the Company operate in following completion of the Acquisition?	<p>Completion of the Acquisition will result in the nature and scale of the Company’s activities being significantly changed.</p> <p>NexGen operates in the software development industry.</p>	Section 7
<b>C. Business Model</b>		
How will the Company generate income?	<p>Following Settlement of the Acquisition, NexGen will look to develop, commercialise and market the Wangle app.</p> <p>Under the present business plan, NexGen initially intends to target mobile phone users in Australia, New Zealand and South Africa via its mobile apps for iOS, Android and Windows. NexGen then intends to offer an enterprise</p>	Section 7

Item	Summary	Further information
	<p>software based solution.</p> <p>NexGen intends to initially commercialise the Wangle technology to end consumers through monthly subscriptions.</p> <p>Historically, NexGen has not generated any significant revenues because it has been in the product development and beta testing phases of its business life cycle. It is anticipated that NexGen will commence making revenue once the marketing and commercialisation strategies outlined under the Use of Funds section of this Prospectus are implemented.</p> <p>The Company anticipates that NexGen will generate income through:</p> <ul style="list-style-type: none"> <li>(a) monthly subscription fees; and</li> <li>(b) advertising.</li> </ul>	
<p>What are NexGen's near term catalysts?</p>	<p>The near term catalysts for NexGen include:</p> <ul style="list-style-type: none"> <li>(a) soft launch and beta testing of mobile application via consumer market;</li> <li>(b) licensing agreements with software providers leveraging the proprietary technology platform;</li> <li>(c) partnerships with leading technology providers; and</li> <li>(d) global licensing agreements with South Africa, Australia, New Zealand and South American partners.</li> </ul>	<p>Section 7.3</p>
<p>What are the key dependencies of the business model?</p>	<p>The key factors that NexGen will depend on to meet its objectives are:</p> <ul style="list-style-type: none"> <li>(a) the Transaction being completed resulting in funds (the Company's existing cash reserves) being available to finance NexGen's expansion;</li> <li>(b) ability to deliver a fully functioning commercial Application via mobile, tablet and PC platforms;</li> <li>(c) ability to protect its intellectual property;</li> <li>(d) building and maintaining a highly motivated and skilled team; and</li> <li>(e) completion and marketing of an iOS and Android Software Development Kit (<b>SDK</b>) allowing mobile software</li> </ul>	<p>Section 7.6</p>

Item	Summary	Further information
	<p>developers to integrate the Wangle technology directly into their apps and improve the end user experience with increased speed and data efficiency.</p>	
<b>D. Key Investment Highlights</b>		
<p>What are the key investment highlights?</p>	<p>The Directors and Proposed Directors are of the view that an investment in the Company provides the following non-exclusive list of key highlights:</p> <ul style="list-style-type: none"> <li>(a) Shareholders will benefit from the opportunity to participate in the development of the Wangle technology;</li> <li>(b) the Company will gain the experience of the current NexGen board all of whom will position the Company to compete in a growing market;</li> <li>(c) the combined entity will benefit from a larger market capitalisation, enhanced Shareholder base and expanded access to public capital. These factors should provide a more liquid stock than either the Company or NexGen on a standalone basis;</li> <li>(d) New Zealand is considered to have a low sovereign risk and investment friendly environment;</li> <li>(e) the Transaction represents an attractive investment opportunity for the Company to change its business focus to that of a technology company; and</li> <li>(f) the Company will obtain ownership of the intellectual property interests currently held by NexGen providing the Company an opportunity to diversify its interests to include the business of operating and developing the Wangle technology.</li> </ul>	<p>Section 5.4</p>
<b>E. Key Risks</b>		
<p>What are the key risks of an investment in the Company?</p>	<p>Risks associated with an investment in the Company under this Prospectus are detailed in Section 8.</p> <p>Key risk factors include:</p>	<p>Section 8</p>

Item	Summary	Further information
	<p><b>Completion of Transaction Risk</b></p> <p>The ability of the Company to fulfil its stated objectives will depend on the performance of the Vendors of their obligations under the Agreement. If the Vendors or any other counterparty defaults in the performance of their obligations, it may delay the completion of any stage of the Transaction (if it completes at all) and it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.</p> <p><b>Re-Quotation of Shares on ASX</b></p> <p>There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.</p> <p><b>Vendors may sell their Shares</b></p> <p>Some or all Vendors may elect to sell their Shares, subject to any escrow restrictions required by the ASX Listing Rules following completion of the Acquisition and exercise of the Put Option. If one or more Vendors elect to sell a sufficiently large number of Shares, then this may negatively impact the price or value of the Company's securities.</p> <p><b>Liquidity Risk</b></p> <p>On Settlement of the Acquisition, the Company proposes to issue the Acquisition Consideration Shares to the A Class Vendors (or their nominees). In addition, upon exercise of the Put Option, the Company proposes to issue the Put Option Consideration Shares to the B Class Vendors (or their nominees). The Directors understand that ASX may treat a portion of these securities as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. As a significant number of the Company's Shares will be subject to escrow upon Settlement, there is an increased liquidity risk as a large portion of issued capital may not be able to be freely traded for a period of time.</p> <p><b>Contractual Risk</b></p>	

Item	Summary	Further information
	<p>The Acquisition is subject to the fulfilment of certain conditions. If the conditions precedent summarised in Section 12.1 are not met, the Acquisition will not be completed.</p> <p><b>Technology development and product commercialisation</b></p> <p>The Wangle technology is in the development phase. Should the development not be completed in accordance with NexGen’s specifications or should the results of further testing indicate technology performance is below market requirements, NexGen will have to expend additional time and resources to rectify any outstanding issues which will delay the commercialisation of the technology.</p> <p><b>Competition and new technologies</b></p> <p>NexGen will be participating in a highly competitive market. NexGen’s competitors may develop technologies and products that perform better and/or have greater market acceptance.</p> <p>The industry in which NexGen operates is subject to rapid change. For example, new technologies could overtake NexGen’s products, in which case NexGen’s revenue and profitability could be adversely affected.</p> <p><b>Protection of intellectual property rights</b></p> <p>If NexGen fails to protect its future developments and intellectual property rights, competitors may gain access to its technology which would in turn harm its business. Further, despite its efforts, NexGen may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.</p> <p>NexGen may be required to incur significant expenses in monitoring and protecting its intellectual property rights or defending against claims it has infringed on a third party’s patent or other intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights.</p> <p><b>Reliance on Key Personnel</b></p> <p>NexGen’s ability to develop and manage the growth of its businesses is dependent largely on the skills of NexGen’s management team</p>	

Item	Summary	Further information
	<p>(refer to Sections 10.1 and 10.2).</p> <p>Despite the Company’s best efforts to attract and retain key personnel, there is no assurance that NexGen or the Company will be able to retain the services of such persons. The Company’s ability or inability to attract and retain key personnel could have a material effect upon the Company’s business, results of operations and financial condition.</p> <p><b>Security breaches</b></p> <p>Whilst NexGen has established risk management systems to prevent cyber-attacks and any potential data security breaches, including firewalls, encryption of customer data (storage and transmission) and a privacy policy, there are inherent limitations on such systems, including the possibility that certain risks have not been identified. There can be no guarantee that the measures taken by NexGen will be sufficient to detect or prevent data security breaches.</p> <p><b>Reliance on core information technology and other systems</b></p> <p>Any damage to, or failure of, NexGen's key systems can result in disruptions in NexGen’s ability to operate the Wangle technology and app. Such disruptions have the potential to adversely affect the Company’s and NexGen’s financial position and financial performance, reduce the potential to attract and/or retain users, impact user service levels and damage the Company’s and NexGen’s reputations. This could adversely affect NexGen's ability to generate new business and cause it to suffer financial loss.</p> <p><b>Reliance on access to internet</b></p> <p>NexGen will rely on the ability of its users to access the internet. Access is provided by various classes of entities in the broadband and internet access marketplace. Should any of these entities disrupt, restrict or affect the cost of access to NexGen’s products, usage of NexGen’s products may be negatively impacted.</p>	
<b>F. Directors and Key Management Personnel</b>		
Who are the Directors and	It is proposed that upon Settlement of the Acquisition:	Section 10

Item	Summary	Further information
Proposed Directors?	<p>(a) Jason Gitmans and Keaton Wallace will be appointed to the Board;</p> <p>(b) Andrew Haythorpe will remain on the Board; and</p> <p>(c) James Robinson and Harry Karelis will resign from the Board.</p> <p>The profiles of each of the Directors and Proposed Directors are set out in Section 10.1. Details of the personal interests of each of the above individuals are set out in Section 10.3.</p>	
<b>G. Financial Information</b>		
How has VTX being performing?	The audited statement of financial position for VTX as at 30 June 2015 is set out in the Investigating Accountant's Report in Section 9.	Section 9
What is the financial outlook for VTX?	The reviewed pro-forma statement of financial position for VTX as at 30 June 2015 (which assumes Settlement of the Acquisition and exercise of the Put Option) is set out in the Investigating Accountant's Report in Section 9.	Section 9
Does VTX have sufficient funds for its activities?	The funding for VTX's short to medium term activities will be sourced from existing cash reserves.	Section 6.6
<b>H. Offer</b>		
What is the purpose of the Offer?	<p>The purpose of the Offer is to:</p> <p>(a) meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules;</p> <p>(b) complete the capital raising under this Prospectus; and</p> <p>(c) pay part of the costs of the Offer.</p> <p>The satisfaction of Chapters 1 and 2 of the ASX Listing Rules is sought for the purpose of seeking ASX's approval for reinstatement of the Company's Shares to quotation following the continuing suspension if the Transaction Resolutions are passed at the General Meeting.</p> <p>The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the two years following reinstatement of the Company to quotation on the Official List of ASX in the manner set out</p>	Sections 6.2 and 6.6



Item	Summary	Further information
	in the table in Section 6.6.	
Is the Offer underwritten?	The Offer is not underwritten.	Section 6.4
What is being offered and who is entitled to participate in the Offers?	Under the Offer, VTX will be offering to new investors 200,000 Shares at an issue price of \$0.05 per Share to raise \$10,000 before costs.	Section 6
What will VTX's capital structure look like after completion of the Offers and the Acquisition?	Refer to Section 7.11 <b>Error! Reference source not found.</b> for a pro forma capital structure following Settlement of the Transaction, completion of the Offer and exercise of the Put Option.	Section 7.11
What are the terms of the Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the Shares offered under the Offer is set out in Section 13.2.	Section 13.2
Will any Securities be subject to escrow?	<p>Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, certain Securities on issue may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.</p> <p>During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.</p> <p>All or a proportion of the Consideration Shares may be restricted from trading for a period of up to 24 months after the date of re-admission of the Company to the Official List.</p>	Section 7.13
Will the Shares be quoted?	Application for quotation of all Shares to be issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus.	Section 6.9
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative timetable on page 1 of this Prospectus.	Page 1

Item	Summary	Further information
What is the minimum investment size under the Offer?	Applications under the Offer must be for a minimum of \$2,000 worth of Shares (40,000 Shares) and thereafter, in multiples of \$500 worth of Shares (10,000 Shares).	Section 6.7
Are there any conditions to the Offer?	<p>The Offer is conditional on:</p> <ul style="list-style-type: none"> <li>(a) the Agreement becoming unconditional;</li> <li>(b) Shareholders approving the Transaction Resolutions required to implement the Transaction and the Offer; and</li> <li>(c) the Company receiving conditional approval for re-quotations of the Company's Shares on the ASX on terms reasonably acceptable to the Company.</li> </ul> <p>If any of these Conditions are not satisfied, the Transaction and the Offer will not proceed.</p>	Section 2.7
<b>I. Use of funds</b>		
How will the proceeds of the Offer and the Company's existing cash reserves be used?	<p>The Offer proceeds and the Company's existing cash reserves will be used for:</p> <ul style="list-style-type: none"> <li>(a) expenses of the Offer;</li> <li>(b) development, commercialisation and marketing of the Wangle technology;</li> <li>(c) protection of intellectual property;</li> <li>(d) maintaining the Company's existing pipe rehabilitation business; and</li> <li>(e) general working capital and operating expenses of the Company.</li> </ul>	Section 6.6 and 13.13
<b>J. Additional information</b>		
Is there any brokerage, commission or duty payable by applicants?	No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offer.	
What are the tax implications of investing in Shares?	<p>Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should</p>	

Item	Summary	Further information
	obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.	
Where can I find more information?	<p>(a) By speaking to your sharebroker, solicitor, accountant or other independent professional adviser;</p> <p>(b) By reviewing VTX's public announcements, which are accessible from ASX's website at <a href="http://www.asx.com.au">http://www.asx.com.au</a> under the ASX code "VTX";</p> <p>(c) By contacting Loren Jones, VTX's Company Secretary, on +61 8 6489 1601; or</p> <p>(d) By contacting the Share Registry on +61 8 9315 2333.</p>	

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## 5. TRANSACTION OVERVIEW

### 5.1 The Company

Company is an Australian company, incorporated on 21 May 2001 and listed on the Australian Securities Exchange on 10 August 2004 (ASX: VTX).

The Company's current business is focused on smart sustainable pipe repair and rehabilitation. The Company has developed a unique technology known as the "ShieldLiner System" to meet the needs of asset owners in the infrastructure, resource and oil and gas industries.

The ShieldLiner System is a unique trenchless pipe relining technology developed by the Company for the rehabilitation of existing pipes in situ. The system is the world's first true 'pipe rehabilitation' trenchless system as it rehabilitates the original pipe and applies a new thin liner to the interior surface. It utilises controlled pressures to impregnate structural resins through the new thin liner and the existing damaged pipeline, without excavation required. This annuls moisture, significantly increases strength and the life cycle. The finished 'rehabilitated pipe' by the ShieldLiner System is ideal for pressure pipelines in water, oil and gas industries.

On 14 August 2014, the Company announced that it had executed a letter of intent (**LOI**) with Noor Energy Corporation (**Noor**) for Noor to be granted an exclusive option to acquire all of the assets and intellectual property of the ShieldLiner System. The acquisition was to be made by way of a plan of arrangement between the companies and result in the Canadian registered holding company of the ShieldLiner System becoming listed on the Canadian Securities Exchange.

On 25 May 2015, the Company announced that it had been informed by Noor that challenging market conditions in the sector have made the proposed acquisition difficult to complete and as such unlikely to occur prior to the end date and the LOI subsequently terminated on 30 June 2015. The Company is continuing to explore alternative ways to commercialise the ShieldLiner System.

Recently, the Company has been evaluating new acquisition opportunities, both in Australia and overseas, which have the potential to add Shareholder value.

### 5.2 The Transaction

On 16 June 2015, the Company announced that it had entered a binding terms sheet to acquire 100% of the issued share capital in NexGen.

Following a restructure of the proposed transaction, and as announced on 29 October 2015, the Company has entered into a new binding terms sheet (**Agreement**) (which supersedes and replaces the initial terms sheet) with NexGen and the shareholders of NexGen (**Vendors**) pursuant to which:

- (a) the Company has agreed to acquire 100% of the fully paid ordinary shares in the capital of NexGen (**NexGen Shares**) held by each of the non-New Zealand Vendors (together, the **A Class Vendors**) (**NexGen A Class Shares**), and the New Zealand Vendors (together, the **B Class Vendors**) have agreed to convert 100% of their NexGen Shares into limited voting B Class shares (**NexGen B Class Shares**) the full terms of which are set out in Section 13.8 (**Acquisition**);

- (b) NexGen has agreed to grant to the Company (or its nominee) an exclusive and irrevocable option to acquire 100% of the intellectual property in which NexGen has, or will acquire, an interest (**IP Option**); and
- (c) the Company has agreed to grant to each of the B Class Vendors the right to require the Company to purchase 100% of the NexGen B Class Shares (**Put Option**),

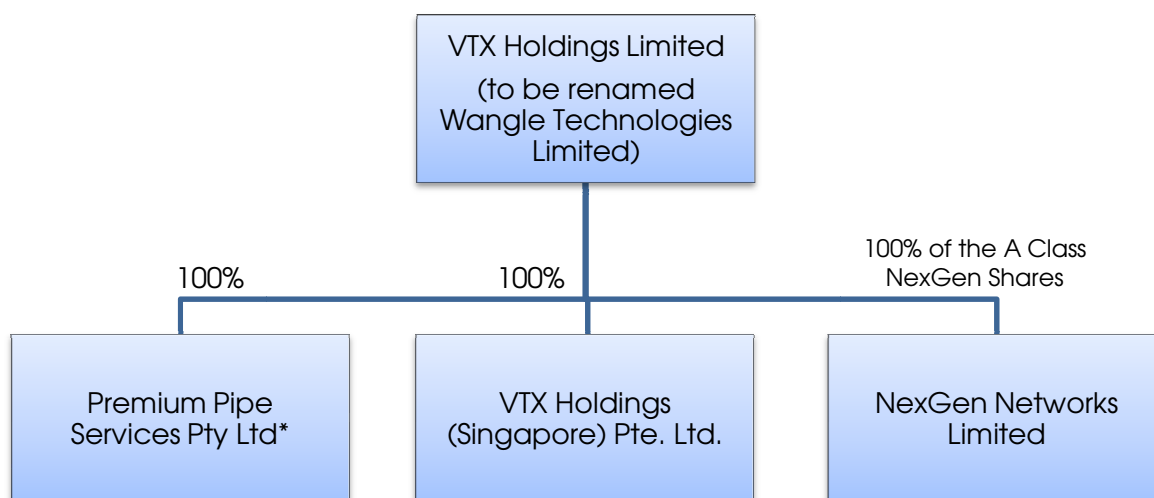
(all together the **Transaction**).

Upon successful completion of the Acquisition, the Company will focus on developing, commercialising and marketing NexGen’s software technology “Wangle” (**Business**). A more detailed summary of NexGen and the proposed business of the Company following Settlement is set out in Section 7.

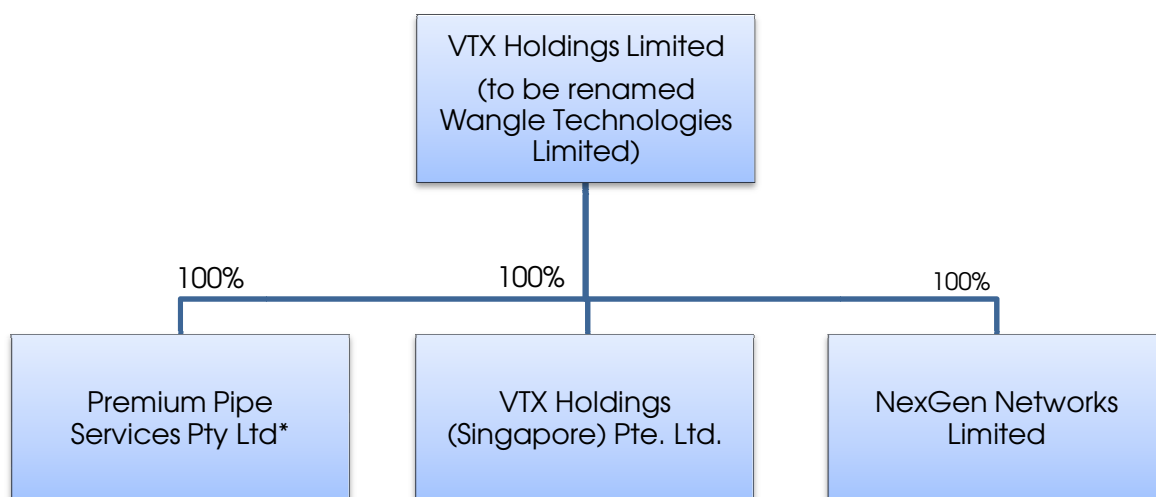
The Company intends to continue with its pipe rehabilitation business whilst seeking to review opportunities with other interested parties to sell its interest in the ShieldLiner technology following completion of the Acquisition.

### 5.3 Corporate Structure

Following Completion of the Acquisition, the corporate and ownership structure of the Company will be as set as follows:



Following Completion of the Acquisition and exercise of the Put Option, the corporate and ownership structure of the Company will be as set out below.



**\*Note:** Following completion of the Acquisition, the Company will seek to review opportunities to sell its interest in this entity (being the holder of the ShieldLiner technology).

#### 5.4 Key Investment Highlights

The Directors and Proposed Directors are of the view that an investment in the Company provides the following non-exhaustive list of key highlights:

- (a) Shareholders will benefit from the opportunity to participate in the development of the Wangle technology;
- (b) the Company will gain the experience of the current NexGen board all of whom will position the Company to compete in a growing market;
- (c) the combined entity will benefit from a larger market capitalisation, enhanced Shareholder base and expanded access to public capital. These factors should provide a more liquid stock than either the Company or NexGen on a standalone basis;
- (d) New Zealand is considered to have a low sovereign risk and investment friendly environment;
- (e) the Transaction represents an attractive investment opportunity for the Company to change its business focus to that of a technology company; and
- (f) the Company will obtain ownership of the intellectual property interests currently held by NexGen providing the Company an opportunity to diversify its interests to include the business of operating and developing the Wangle technology.

#### 5.5 About NexGen

The NexGen concept was founded in 2013 by experienced technology entrepreneurs and retail executives Jason Gitmans and Robert Pole. NexGen was subsequently incorporated in April 2015 and is a New Zealand technology company which has created a network software system that delivers greater transfer of data efficiency at a lower cost and at much faster speeds compared to standard market offerings by most telecommunications companies.

NexGen has developed cutting edge proprietary software technology "Wangle" which delivers highly intelligent customised algorithms that enables the re-creation and optimisation of data flow between two geographical points on the globe. Wangle is a real-time accelerated cloud within the internet that creates a faster version of the internet for users.

Please refer to Section 7 for a more detailed summary of NexGen and the Company's proposed business following Settlement of the Acquisition.

## 5.6 Suspension and re-admission to ASX

As the Company is currently focused on pipe rehabilitation, the acquisition of NexGen, if successfully completed, will represent a significant change in the nature and scale of the Company's operations to a software development company focussed on developing the Business.

ASX has indicated that this change in the nature and scale of the Company's activities will require:

- (a) the approval of Shareholders; and
- (b) the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

It is anticipated that the Company's Shares will be suspended or placed in a trading halt prior to market open on the date of the General Meeting. In the event that all Transaction Resolutions (see Section 5.7 below) are approved at the General Meeting, it is anticipated that the Company's Shares will remain suspended until completion of the Acquisition and Offer, re-compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on reinstatement to quotation.

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the Shareholdings of those Shareholders;
- (b) the Company must satisfy the "assets test" as set out in ASX Listing Rule 1.3; and
- (c) the issue price of Shares must be at least 20 cents and the exercise price of Options must be at least 20 cents.

The Company has applied for and the ASX has granted the Company a waiver from the requirement in paragraph (c) above to permit the Company to issue Shares under this Prospectus at a price of \$0.05 each and to have Options on issue with an exercise price of less than 20 cents.

It is expected that the conduct of the Offer pursuant to this Prospectus will enable the Company to satisfy the above requirements.

Applicants should be aware that ASX will not re-admit or admit any Shares to Official Quotation until the Company re-complies with Chapters 1 and 2 of the Listing Rules and is re-admitted by ASX to the Official List. In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Offer and will repay all application monies received by it in connection with this Prospectus (without interest).

## 5.7 Shareholder Approval

The Company has called the General Meeting for the purpose of seeking the approval of Shareholders to a number of resolutions required to implement the Transaction.

It is a condition to completion of the Offer under this Prospectus, as well as the Acquisition, that each of the following resolutions is approved by Shareholders:

- (a) the significant change of the nature and scale of the Company's activities to become a software development company, for which Shareholder approval is required under ASX Listing Rule 11.1.2;
  - (b) the issue of a new class of share in the Company, being the Performance Shares;
  - (c) the issue of the following Acquisition Consideration Shares to A Class Vendors (or their nominees) pro-rata to their respective holdings of NexGen A Class Shares;
    - (i) 182,700,000 Shares; and
    - (ii) 78,300,000 Performance Shares, comprising:
      - (A) 26,100,000 Class A Performance Shares;
      - (B) 26,100,000 Class B Performance Shares; and
      - (C) 26,100,000 Class C Performance Shares;
  - (d) the issue of the following Put Option Consideration Shares to B Class Vendors (or their nominees) pro-rata to their respective holdings of NexGen B Class Shares;
    - (i) 97,300,000 Shares; and
    - (ii) 41,700,000 Performance Shares, comprising:
      - (A) 13,900,000 Class A Performance Shares;
      - (B) 13,900,000 Class B Performance Shares; and
      - (C) 13,900,000 Class C Performance Shares;
  - (e) the issue of up to 200,000 Shares pursuant to the Offer;
  - (f) the appointment of Jason Gitmans and Keaton Wallace as Directors of the Company; and
  - (g) the change of the Company's name to "Wangle Technologies Limited",
- (each a **Transaction Resolution**).

If any of the Transaction Resolutions are not approved by Shareholders the Acquisition (including the Offer under this Prospectus) will not be completed.



## **5.8 Change of Name**

Subject to Shareholder approval being obtained, the Company will change its name to “Wangle Technologies Limited” on completion on the Acquisition, which the Company believes will be better suited to its new direction.

An overview of the Company’s business following Settlement of the Acquisition is set out in Section 7.

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## 6. DETAILS OF THE OFFER

### 6.1 The Offer

Pursuant to this Prospectus, the Company invites applications for up to 200,000 Shares at an issue price of \$0.05 per Share to raise up to \$10,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. Please refer to Section 13.2 for further information regarding the rights and liabilities attaching to the Shares.

### 6.2 Minimum subscription

There is no minimum subscription under the Offer.

### 6.3 Oversubscriptions

No oversubscriptions will be accepted by the Company.

### 6.4 Not underwritten

The Offer is not underwritten.

### 6.5 Purpose of the Offer and the Prospectus

The purpose of the Offer is to:

- (a) meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules in order to obtain ASX's approval for reinstatement of the Company's Shares to quotation following the continuing suspension if the Transaction Resolutions are passed at the General Meeting;
- (b) complete the capital raising under this Prospectus; and
- (c) pay part of the costs of the Offer.

### 6.6 Use of Funds

The Company currently has existing cash reserves of approximately \$4,782,225.

The table below sets out the intended application of the cash reserves, together with the existing cash reserves of NexGen which are approximately \$49,465 and funds raised under the Offer over the two years following reinstatement of the Company to quotation on the Official List of ASX.

	Amount (\$)	Percentage of Funds (%)
<b>Funds available</b>		
Company's existing cash reserves <sup>1</sup>	\$4,782,225	98.77%
NexGen's existing cash reserves <sup>1</sup>	\$49,465	1.02%
Funds raised from the Offer	\$10,000	0.21%
<b>Total</b>	<b>\$4,841,690</b>	<b>100.00%</b>
<b>Allocation of funds</b>		

Maintaining the Company's existing business	\$100,000	2.07%
Development of Wangle technology	\$110,000	2.27%
Commercialisation of Wangle technology	\$621,600	12.84%
Marketing of Wangle technology	\$2,985,000	61.65%
Protection of intellectual property	\$120,000	2.48%
Expenses of the Offer <sup>2</sup>	\$214,210	4.43%
General working capital and operating expenses <sup>3</sup>	\$690,880	14.26%
<b>Total</b>	<b>\$4,841,690</b>	<b>100.00%</b>

**Notes:**

1. These funds represent existing cash held by the Company and NexGen at or around the date of this Prospectus. The Company and NexGen expect to incur costs within the ordinary course of their respective businesses which will diminish this amount prior to completion of the Offer.
2. Refer to Section 13.13 of this Prospectus for further details.
3. This includes corporate overheads, ASX fees, audit fees, rent and general administration costs.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 8).

The Board believes that the funds raised from the Offer, combined with existing cash reserves will provide the Company with sufficient working capital to achieve its objectives set out in this Prospectus.

It should be noted that the Company may not be self-funding through its own operational cash flow at the end of the two year period referred to above. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding.

## 6.7 Applications

Applications for Shares under the Offer must be made using the Application Form. By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.

Applications for Shares must be for a minimum of 40,000 Shares and thereafter in multiples of 10,000 Shares and payment for the Shares must be made in full at the issue price of \$0.05 per Share.

Completed Application Forms and accompanying cheques, made payable to "VTX Holdings Limited" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Application Form so they are received by no later than the Closing Date.

The Company reserves the right to close the Offer early.

## **6.8 Issue of Shares and allocation policy**

### General

Subject to the satisfaction of the conditions set out in Section 2.7, the issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

The Directors will determine the recipients of the issued Shares in their sole discretion. There is no guaranteed allocation of Shares under the Offer. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

The Company's decision on the number of Shares to be allocated to an Applicant will be final.

### Defects in applications

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

### Interest

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

## **6.9 ASX listing**

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. However, Applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List. As such, the Shares may not be able to be traded for some time after the close of the Offer.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest. In those circumstances the Company will not proceed with the Acquisition.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

## **6.10 Applicants outside Australia**

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

## **6.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company participates in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## **6.12 Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

## **6.13 Commissions payable**

The Company reserves the right to pay a commission of 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications

lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

#### **6.14 Withdrawal of Offer**

The Offer may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

#### **6.15 Enquiries**

If you have any queries in relation to the Offer, please contact the Company Secretary on +61 8 6489 1600.

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## **7. COMPANY OVERVIEW**

### **7.1 The Company**

As detailed in Section 5.1, since listing in 2004, the Company has focused on its pipe repair and rehabilitation business. The Company has developed a unique technology known as the “ShieldLiner System” to meet the needs of asset owners in the infrastructure, resource and oil and gas industries.

Recently, the Company has been evaluating new acquisition opportunities, both in Australia and overseas, which have the potential to add Shareholder value.

As detailed in Section 5.2, on 16 June 2015, the Company announced that it had entered a binding terms sheet to acquire 100% of the issued share capital in NexGen. Following a restructure of the proposed transaction, and as announced on 29 October 2015, the Company entered into the Agreement (which supersedes and replaces the initial terms sheet) with NexGen and the Vendors in relation to the Transaction.

### **7.2 Business Overview and Future Direction of the Company**

Upon settlement of the Transaction, it is the current intention of the Board to develop the NexGen Business and its Wangle technology. The Company’s focus will therefore shift from pipe rehabilitation to development of the NexGen Business.

The Company intends to continue with its pipe rehabilitation business whilst seeking to review opportunities with other interested parties to sell its interest in the ShieldLiner technology following completion of the Acquisition.

### **7.3 Overview of NexGen**

#### **(a) General**

The NexGen concept was founded in 2013 by experienced technology entrepreneurs and retail executives Jason Gitmans and Robert Pole. NexGen was subsequently incorporated in April 2015 and is a New Zealand technology company which has created a network software system that delivers greater transfer of data efficiency at a lower cost and at much faster speeds compared to standard market offerings by most telecommunications companies.

#### **(b) “Wangle”**

NexGen has developed cutting edge proprietary software technology “Wangle” which delivers highly intelligent customised algorithms that enables the re-creation and optimisation of data flow between two geographical points on the globe. Wangle is a real-time accelerated cloud within the internet that creates a faster version of the internet for users.

The Wangle technology will disrupt a rapidly growing sector of data usage and transfers allowing bigger packets of already compressed data to be sent more effectively, facilitating for faster speeds on existing hardware.

Wangle does create and enable material efficiencies to occur between data flows through its proprietary customised algorithms, which leverages and optimises data flows based on historical user experience and usage. In particular, the technology may reduce the level of data transferred in excess of 30%, based on intelligent analysis and repackaging of 'new data' being transferred between networks.

The ability to deliver such optimal results is due to the customised virtual based technology, which re-directs data through to a proprietary server, delivering faster and more efficient data usage to each user through existing infrastructure.

The Wangle technology increases data speeds and achieves greater transfer efficiency to enhance the internet user experience. The software is cloud-based requiring no hardware which the Proposed Directors expect to change the way people share, use and transfer data.

Wangle extends the life of a user's investment in hardware. Built in a virtual environment, the technology is readily scalable, has built in safe guards against data loss, includes high availability design, and is encrypted for better security.

Once launched, Wangle will be a free to download application (from Apple and Google Play stores). Wangle is intended to provide consumers with access to data optimisation technologies offering substantial data savings and speed improvement, with added safety and privacy through enhanced network security measures.

Wangle's enhanced user interface will allow users to subscribe to additional add-on features as part of the premium services of the app. The subscription services will be fully customised and available as either single-feature add-ons or as bundles packs designed to suit specific user types.

The bundled packages are intended to include:

- (i) **The Entertainment Pack** – provides geo-masking and gaming features to improve access to content and improve the online gaming experience;
- (ii) **The Parental Pack** – provides access to features that manage web usage and activities including scheduling to control when children are allowed to access content, usage tracking and intelligent content blocking; and
- (iii) **The Business Pack** – designed for small business IT departments and support providers to help simplify mobile device management and includes features such as scheduling, content restrictions and usage tracking.

(c) **Enterprise Offering**

White-Labeling

The enterprise offering is intended to enable large enterprises to white-label the Wangle app and provide their customers with access to the



Wangle technology as a value-add or component of their existing product or service offerings.

#### Software Development Kit

The enterprise offering is also intended to offer to enterprises an iOS and Android Software Development Kit (**SDK**) allowing mobile software developers to integrate the Wangle technology directly into their apps and improve the end user experience with increased speed and data efficiency.

As part of the white-label and SDK offering, it is intended to make an additional bulk user pricing and management feature, such as a white-labelled dashboard, available as an add-on.

#### **(d) Product testing**

As part of its due diligence investigations, the Company appointed Cameron Worth, an independent technical and commercial advisor, to assist the Company in undertaking a formal review, and an extensive testing regime under controlled conditions, of the Wangle technology.

The Company announced to ASX on 15 July 2015, that the review and testing provided validation of the technology and ability to optimise network performance, delivering significant efficiencies and improvements to transfer speeds and reducing data usage when transferring data between devices.

The technology has been shown to work effectively on video data and over encrypted connections, opening up significant opportunities based on the current global demand for digital video content and secure / private data exchange over the internet.

Key results observed during testing included:

- (i) 13.8 gigabytes (**GB**) of data successfully processed via the Wangle system;
- (ii) total transfer of the data reduced to 11.29 GB on the Wangle optimised network (representing an 18% reduction in data usage when compared to a standard internet connection);
- (iii) peak data transfer optimisation of 42% recorded when streaming/downloading uncompressed audio files;
- (iv) ADSL transfer speeds improved by over 100% and demonstrated peaks of circa 300% (6 Mbps WAN transferring at 12.2 Mbps) when transferring MP3, MP4 and PDF files;
- (v) peak improvements in download speeds over HTTPS of 83.17%;
- (vi) optimisation of compressed video (MP4) and audio (MP3) files exposed a significant opportunity to increase speeds across popular streaming media platforms such as Netflix and iTunes; and

- (vii) significantly improved individual transfer rates under concurrent load when compared to control network (improved network speeds when more than one person uses the data).

The Android app is currently in Alpha release phase. Testing has commenced to a select group where additional optimisation and refinements are expected.

NexGen has completed the first round of target testing on key web platforms (Facebook, Netflix and Instagram) on the Android app, with initial results demonstrating significant data savings and improved user experience. The testing results are set out in the table below:

	Users	Average Time Spent on Platform	Average Data Used without using Wangle app	Average Data Used on Wangle	Data Saving with Wangle (per hour)	Data Saving with Wangle %
Facebook (Android App)	1.49 billion	41.2 minutes per day	6MB-18MB in 5 minutes	4MB-11MB in 5 minutes	Up to 50MB	Up to 52%
Netflix (Android App)	60 million	46.6 minutes per day	420MB-500MB per hour	380MB-410MB per hour	Up to 90MB	Up to 53%
Instagram (Android App)	300 million	21 minutes per day	8MB-16MB in 5 minutes	5MB-12MB in 5 minutes	Up to 36MB	Up to 57%

Based on the current results and development status of the Android app, NexGen expects to be well underway with its testing of the Android app December across Australia and New Zealand via a soft launch, with the iOS app expected to be late in January 2015 or early February 2016.

**(e) Unique Differentiators**

- (i) Patent pending software that compresses / optimises data to speed up the flow between two geographical locations.
- (ii) Re-direction of data via Wangle servers delivering faster speeds (up to 300%) and more efficient data usage converting to data savings in excess of 30%.
- (iii) Additional features to include higher definition 4K streaming, better quality “voice over Internet protocol” calls and additional security and privacy through encryption of data.
- (iv) Future generations of the software are expected to include gaming optimisation, parental control, geo masking, parental protection, family scheduling, cookie blocking and full tracking, all in one application.
- (v) Low level of storage required on the device with minimal battery use.
- (vi) The technology can be used on any device and can be rapidly scaled.
- (vii) Enhanced security and privacy utilising Virtual Private Network that helps shrink data packets making them unrecognisable to hackers.

**(f) Customers**

Under the present business plan, it is initially intended to target mobile phone users in Australia, New Zealand and South Africa via its mobile apps for iOS, Android and Windows. NexGen then intends to offer an enterprise software based solution (as detailed in Section 7.3(c) above). NexGen further aims to expand its business to include:

- (i) countries with low data speed;
- (ii) countries with high data costs;
- (iii) companies who own undersea cable infrastructure;
- (iv) internet fixed contract home users;
- (v) overseas roaming mobile users;
- (vi) large private data users;
- (vii) cost conscious end consumers; and
- (viii) gamers.

Although no forecast is made as to whether those events will occur and there is a risk they may not occur.

**(g) Intellectual Property**

The Company has agreed to acquire, all current and future rights, title and interest in the Wangle software and hardware and all intellectual property rights in Wangle (including all future intellectual property rights arising in relation to or out of Wangle).

Two patent applications have been lodged in the United States of America as part of the global strategy to protect the business' core technology. The patents, if granted, will provide protection of the proprietary network protocol and optimisation technology that underpins the Wangle products. NexGen is currently reviewing further patents and trade secret protections to add to its long term protection strategy.

In addition, NexGen has applied to register "Wangle" and the Wangle logo as trademarks. The trademark applications are pending.

**(h) Near term catalysts**

The near term catalysts for the Business include:

- (i) soft launch and beta testing of mobile application via consumer market;
- (ii) licensing agreements with software providers leveraging the proprietary technology platform;
- (iii) partnerships with leading technology providers; and
- (iv) global licensing agreements with South Africa, Australia, New Zealand and South American partners.

## 7.4 Market opportunity

The Business aims to be the first to market its cutting edge and proprietary software technology globally. Access to Wangle is initially planned through the release of mobile apps across three platforms: iOS, Android and Windows, with further potential across the enterprise sector. The Wangle technology can be adapted quickly and cost effectively across multiple sectors.

In 2014, global mobile data traffic amounted to 2.5 billion gigabytes (exabytes) per month, up from 1.5 exabytes per month at the end of 2013.

With the introduction of new, larger screen smartphones and tablets with all mobile-data-plan types, there is a continuing increase in usage in terms of gigabytes per month per user in all of the top tiers. The Proposed Directors believe NexGen's Business is well positioned at the forefront of a rapidly growing and consumer driven technology sector.

Successful optimisation of compressed video, imagery and audio over HTTPS protocols opens significant opportunities within the video streaming market. The Proposed Directors believe the optimisation of the various file types (video, imagery and audio) will enable increased transfer speeds and higher quality of videos on popular platforms such as Netflix, YouTube and Facebook. The Proposed Directors believe this will drive higher value into developed markets looking to improve the quality of customer experience when accessing these platforms.

The Wangle technology offers improvements to the network contention ratio (number of users sharing the same data capacity) and multiple transfer potential enabling network operators to carry greater numbers of users on existing infrastructure, exposing further enterprise market opportunities.

The next steps for the Business will focus on the testing and fine tuning of the Android and IOS Apps. Load testing will commence and further development will start on the additional features including the Parental options and Geo masking.

## 7.5 Business Model

The Company intends to initially commercialise the Wangle technology to end consumers through monthly subscriptions. The Company believes that consumers could save money by using the Wangle app to lower their data consumption, which may allow the consumer to reduce to a lower data plan.

The first phase of the roll-out of the Wangle technology is expected to commence in November 2015 to February 2016. During this phase, the Business intends to undertake a soft launch of the Wangle iOS and Android app in a Beta phase exclusively to 20,000 users within Australia, New Zealand and South Africa. The platform will be "stress tested" by the users over a 3 month period which will enable the Business to review and implement any changes or upgrades are required.

The second phase is expected to take place during March to June 2016 and will see a full launch of the Wangle app within key markets including proposed expansion into Latin America and the USA and release of the add-on subscriptions adding the first revenue stream. This phase will target 250,000 users.

In June 2016, the Business plans to release the Wangle app to a global audience and target an additional 2 million users by the end of June 2017. This third phase

will also see the enterprise and developer offering (as detailed in Section 7.3(c) above) released, which will initially target enterprises that require the capacity to manage increasing data loads, but cannot afford the high cost of upgrading hardware.

The Business intends to also pursue opportunities to license its technology with key global and industry partners.

The Company is currently in discussions with potential partners to establish such opportunities, however, as at the date of this Prospectus, no such partnerships have been established.

## **7.6 Key Dependencies of the Company's Business Model**

The key factors that the Company will depend on to meet its objectives are:

- (a) obtaining sufficient funding for rapid expansion while effectively managing its cash flow;
- (b) grow and develop strategic partnerships at an enterprise level through its SDK and white label products;
- (c) building and maintaining a highly motivated and skilled team and continuing to research and develop its core technology; and
- (d) ability to protect its intellectual property in the Business.

## **7.7 Growth Strategy**

For growth, the Company intends to increase Shareholder value as per the vision outlined above, by adopting the following strategies:

- (a) allocating cash and non-cash resources to rapidly complete development the Wangle technology and establish effective sales networks;
- (b) continually monitoring the information technology industry and looking for opportunities to develop new innovative products to address opening market needs;
- (c) adopting appropriate portfolio and risk management policies to achieve operating efficiencies and maximise returns for investors;
- (d) continually evaluating its personnel and looking for the best in the field;
- (e) if appropriate, ensuring the application of appropriate debt levels with a view to providing acceptable risk-adjusted returns; and
- (f) prudently and actively managing its administrative expenditure.

## **7.8 Funding**

The funding for the Company for the 24 months following re-admission to the Official List of ASX will be met by the Company's existing cash reserves (see Section 6.6 for further details). As and when further funds are required, either for existing or future developments, the Company will consider both raising additional capital from the issue of securities and/or from debt funding.

## **7.9 Financial Information**

### **(a) Historical Financial Information**

The Investigating Accountant's Report contained in Section 9 of this Prospectus sets out:

- (i) the audited Statement of Financial Position and Statement of Comprehensive Income of the Company as at 30 June 2013, 2014 and 2015; and
- (ii) the audited Statement of Financial Position and Statement of Comprehensive Income of NexGen as at 30 June 2015.

Investors are urged to read the Investigating Accountant's Report in full.

The full financial statements for the Company for its financial year ended 30 June 2015, which include the notes to the financial statements, can be found from the Company's ASX announcements platform on [www.asx.com.au](http://www.asx.com.au).

#### **(b) Forecasts**

The Directors and Proposed Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company and NexGen are inherently uncertain. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

### **7.10 Dividend Policy**

It is anticipated that, following settlement of the Acquisition, the Company will focus on development of the NexGen Business. This will likely require significant funding. Accordingly, the Company does not expect to declare any dividends during this period or in the short to medium term.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

### **7.11 Capital Structure**

The capital structure of the Company following completion of the Offer (assuming full subscription) is summarised below<sup>1</sup>:

<b>Shares<sup>2</sup></b>	<b>Number</b>
Current issued capital	534,844,168
Proposed issue of Acquisition Consideration Shares	182,700,000
Proposed issue of Shares pursuant to this Prospectus <sup>3</sup>	200,000
<b>Sub-total as at Settlement of the Acquisition</b>	<b>717,744,168</b>
Proposed issue of Put Option Consideration Shares	97,300,000
<b>TOTAL<sup>4</sup></b>	<b>815,044,168</b>

Performance Shares	Number
Current issued capital	Nil
Proposed issue of Acquisition Consideration Shares <sup>5</sup>	78,300,000
Proposed issue to an adviser <sup>6</sup>	20,000,000
<b>Sub-total as at Settlement of the Acquisition</b>	<b>98,300,000</b>
Proposed issue of Put Option Consideration Shares <sup>5</sup>	41,700,000
<b>TOTAL<sup>4</sup></b>	<b>140,000,000</b>

Options	Number
Options currently on issue <sup>7</sup>	62,034,867
Options to be issued to an adviser <sup>8</sup>	15,000,000
<b>TOTAL<sup>4</sup></b>	<b>77,034,867</b>

**Notes:**

1. Refer to the Investigating Accountant's Report set out in Section 9 of this Prospectus for further details.
2. The rights attaching to the Shares are summarised in Section 13.1 of this Prospectus.
3. Assumes the Offer is successful and 200,000 Shares are subscribed for and issued.
4. Assumes no further securities are issued prior to completion of the Transaction, other than as set out in the table.
5. Comprising 40,000,000 of each of Class A Performance Shares, Class B Performance Shares and Class C Performance Shares. The terms of the Performance Shares are set out in Section 13.7.
6. The Company has agreed, subject to Shareholder approval, to issue 20,000,000 Performance Shares to Cameron Worth, comprising 5,000,000 of each of Class A Performance Shares, Class B Performance Shares, Class C Performance Shares and Class D Performance Shares. The terms of the Performance Shares are set out in Section 13.7.
7. Unquoted Options exercisable at \$0.025 each on or before 31 August 2018. The terms of the Options are set out in Section 13.3.
8. The Company has agreed, subject to Shareholder approval, to issue 15,000,000 Options to Risely Resources Pty Ltd. These Options comprise:
  - (a) 5,000,000 unquoted Options exercisable at \$0.075 each on or before 31 August 2018;
  - (b) 5,000,000 unquoted Options exercisable at \$0.10 each on or before 31 August 2018; and
  - (b) 5,000,000 unquoted Options exercisable at \$0.15 each on or before 31 August 2018, with vesting of the Options conditional upon the Optionholder introducing institutional investors that together hold not less than 5% of the issued Shares of the Company within 18 month of the date of issue of the Options.

The terms of the Options are set out in Sections 13.4, 13.5 and 13.6.

## 7.12 Substantial Shareholders

### ***As at the date of this Prospectus***

As at the date of this Prospectus, no Shareholders hold 5% or more of the total number of Shares on issue.

### ***Following completion of the Acquisition and the Offer***

On completion of the Acquisition and the Offer (assuming full subscription under the Offer, that no Options are exercised and no other Securities are issued other than pursuant to this Prospectus and as contemplated in the capital structure set out in Section 7.11), the following Shareholders are expected to hold 5% or more of the total number of Shares on issue:

<b>Shareholder</b>	<b>Shares</b>	<b>Options</b>	<b>Performance Shares</b>	<b>% of Shares held</b>	<b>% of Shares held (fully diluted)</b>
Keaton Wallace <sup>1</sup>	51,960,844	7,442,433	20,250,000	7.24%	8.92%
Indomain Enterprises Pty Ltd	47,250,000	Nil	20,250,000	6.58%	7.56%
The Twentieth Century Motor Company Pty Ltd	47,250,000	Nil	20,250,000	6.58%	7.56%

**Note:**

1. Held directly and indirectly through Cardup Syndicate Holdings Pty Ltd, an entity controlled by Keaton Wallace, a Proposed Director.

### ***Following completion of the Transaction***

On completion of the Transaction (assuming that no Options are exercised and no other Securities are issued other than pursuant to this Prospectus and as contemplated in the capital structure set out in Section 7.11), the following Shareholders are expected to hold 5% or more of the total number of Shares on issue:

<b>Shareholder</b>	<b>Shares</b>	<b>Options</b>	<b>Performance Shares</b>	<b>% of Shares held (after issue of the Put Option Consideration Shares)</b>	<b>% of Shares held (after conversion of the Performance Shares)</b>
Jason Gitmans <sup>1</sup>	65,800,000	Nil	28,200,000	8.07%	9.11%
Keaton Wallace <sup>2</sup>	51,960,844	7,442,433	20,250,000	6.38%	7.72%
Indomain Enterprises Pty Ltd	47,250,000	Nil	20,250,000	5.80%	6.54%
The Twentieth Century Motor Company Pty Ltd	47,250,000	Nil	20,250,000	5.80%	6.54%

**Notes:**

1. Mr Gitmans is a Proposed Director.
2. Held directly and indirectly through Cardup Syndicate Holdings Pty Ltd, an entity controlled by Keaton Wallace, a Proposed Director.



### **7.13 Restricted Securities**

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, certain Securities will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.

### **7.14 Top 20 Shareholders**

The Company will announce to the ASX details of its top 20 Shareholders following completion of the Offer and prior to the Shares re-commencing trading on ASX.

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## **8. RISK FACTORS**

### **8.1 Introduction**

The business, assets and operations of the Company, including after completion of the Acquisition, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company. The Company's Securities comprise a speculative investment, particularly as it is proposed for the Company's business after the Acquisition to comprise participation in the information technology industry and its associated business.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

Set out below are specific risks that the Company is exposed to.

Shareholders should be aware that if the Transaction is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from NexGen, parties contracted or associated with NexGen and the Agreement and other agreements, including, but not limited to, those summarised in this Prospectus. The summary of risks described below is not intended to be exhaustive and this Prospectus does not take into account the personal circumstances, financial position or investment requirements of any particular person. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company, NexGen and their related entities and consequently Applicants. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Company's proposal to acquire an interest in NexGen are as follows.

### **8.2 Risks relating to the Change in Nature and Scale of Activities**

#### **(a) Completion of Transaction Risk**

Pursuant to the Agreement, the Company has agreed to acquire 100% of the NexGen A Class Shares, subject to the satisfaction of a number of conditions precedent (as outlined in Section 12.1). Upon exercise of the Put Option, the Company will acquire 100% of the NexGen B Class Shares.

The ability of the Company to fulfil its stated objectives will depend on the performance of the Vendors of their obligations under the Agreement. If the Vendors or any other counterparty defaults in the performance of their obligations, it may delay the completion of any stage of the Transaction (if it completes at all) and it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

#### **(b) Re-Quotation of Shares on ASX**

The Transaction constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with

Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(c) **Dilution Risk**

The Company currently has 534,844,168 Shares on issue. Upon settlement of the Transaction (assuming that the Offer is fully subscribed and there are no further issues of Shares) a total of up to 280,000,000 Shares and 120,000,000 Performance Shares will be issued to the Vendors, and:

- (i) the existing Shareholders will retain approximately 65.62% of the Company's issued Share capital;
- (ii) the Vendors (or their nominees) will hold approximately 34.35% of the Company's issued Share capital; and
- (iii) investors under the Offer will hold approximately 0.03% of the Company's issued Share capital.

If the Performance Shares are converted, on the successful achievement of the relevant milestones, the holdings of the existing Shareholders in the Company will be further diluted.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the NexGen Business.

(d) **Vendors may sell their Shares**

Some or all Vendors may elect to sell their Shares, subject to any escrow restrictions required by the ASX Listing Rules following completion of the Acquisition and exercise of the Put Option. If one or more Vendors elect to sell a sufficiently large number of Shares, then this may negatively impact the price or value of the Company's securities.

(e) **Liquidity Risk**

On Settlement, the Company proposes to issue the Acquisition Consideration Shares to the A Class Vendors (or their nominees). In addition, upon exercise of the Put Option, the Company proposes to issue the Put Option Consideration Shares to the B Class Vendors (or their nominees). The Directors understand that ASX may treat a portion of these securities as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. As a significant number of the Company's Shares will be subject to escrow upon Settlement, there is an increased liquidity risk as a large portion of issued capital may not be able to be freely traded for a period of time.

(f) **Contractual Risk**

Pursuant to the Agreement, Settlement is subject to the fulfilment of certain conditions precedent as summarised in Section 12.1.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Agreement. There is a risk that all the conditions precedent may not be satisfied or waived. In this event the Company will continue to seek to focus on its pipe rehabilitation business and look for potential business acquisitions to take the Company forward. Further, if any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

### **8.3 Risks specific to NexGen's business**

There are a number of specific risks involved for the Company, and consequently its Security holders, in the acquisition of NexGen including risks specific to the businesses and assets of NexGen which include the following non-exhaustive list:

**(a) Technology development and product commercialisation**

The success of NexGen will be impacted by the successful development and commercialisation of its technologies, specifically the NexGen Wangle technology.

The Wangle technology is in the development phase. Should the development not be completed in accordance with NexGen's specifications or should the results of further testing indicate technology performance is below market requirements, NexGen will have to expend additional time and resources to rectify any outstanding issues which will delay the commercialisation of the technology.

**(b) Competition and new technologies**

NexGen will be participating in a highly competitive market. Some of NexGen's competitors may have significantly greater financial, technical, human, research and development and marketing resources than are currently available to NexGen. NexGen's competitors may develop technologies and products that perform better and/or have greater market acceptance.

The industry in which NexGen operates is subject to rapid change. NexGen will have no influence over the activities of its competitors, whose activities may negatively affect the operating and financial performance of NexGen. For example, new technologies could overtake NexGen's products, in which case NexGen's revenue and profitability could be adversely affected.

While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose product developments, activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business.

**(c) Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the estimates summarised in Section 6.6. Although the Company is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company and the Company's and the NexGen business.

**(d) Protection of intellectual property rights**

NexGen's business is substantially reliant on its ability to protect and maintain its intellectual property interests and/or trade secrets. The ability of NexGen to obtain and sustain patents, maintain trade secret protection and operate without infringing proprietary rights of third parties will therefore be an integral part of NexGen's business in the event that the Transaction proceeds.

NexGen currently has no granted patents and NexGen may not be able to obtain patent protection in the future. If NexGen fails to protect its future developments and intellectual property rights, competitors may gain access to its technology which would in turn harm its business.

The granting of protection, such as a registered patent, does not guarantee that the rights of others are not infringed, that competitors will not develop technology to avoid the patent or that third parties will not claim an interest in the intellectual property with a view to seeking a commercial benefit from NexGen or its partners.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to NexGen in every country in which NexGen's technologies may eventually be launched. Accordingly, despite its efforts, NexGen may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

NexGen may be required to incur significant expenses in monitoring and protecting its intellectual property rights or defending against claims it has infringed on a third party's patent or other intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to NexGen and cause a distraction to management.

For further details on the intellectual property rights held by NexGen, please refer to Section 7.3(g).

**(e) Reliance on Key Personnel**

NexGen's ability to develop and manage the growth of its businesses is dependent largely on the skills of NexGen's management team (refer to Sections 10.1 and 10.2). Changes in the management team may require appointment of new members, who have not yet been identified.

Despite the Company's best efforts to attract and retain key personnel (including by entering into services agreements and offering performance based equity incentives), there is no assurance that

NexGen or the Company will be able to retain the services of such persons. The Company's ability or inability to attract and retain key personnel could have a material effect upon the Company's business, results of operations and financial condition.

**(f) Failure to deal with growth**

NexGen has the potential to grow rapidly. If that occurs and NexGen fails to properly manage that growth, then that failure could harm its business. Any failure to meet user demand properly could adversely affect the business, including demand for the technology, products and services, revenue, customer satisfaction and public perception.

**(g) Security breaches**

A malicious attack on NexGen's systems, processes or people from external or internal sources could put the integrity and privacy of customers' data and business systems used by NexGen at risk. The impact of loss or leakage of customer or business data could include costs for potential service disruptions, litigation and brand damage which may potentially have a material adverse impact on NexGen's reputation as well as its profitability. In addition, substantial costs may be incurred in order to prevent the occurrence of future security breaches.

Whilst NexGen has established risk management systems to prevent cyber-attacks and any potential data security breaches, including firewalls, encryption of customer data (storage and transmission) and a privacy policy, there are inherent limitations on such systems, including the possibility that certain risks have not been identified. There can be no guarantee that the measures taken by NexGen will be sufficient to detect or prevent data security breaches.

**(h) Reliance on core information technology and other systems**

The availability of the Wangle technology and app is dependent upon the performance, reliability and availability of its IT and communication systems. This includes its core technologies such as computer servers and back-end processing systems. These systems may be adversely affected by a number of factors including major events such as acts of terrorism or war, a breakdown in utilities such as electricity and fibre optic cabling and even pandemics. Events of that nature may cause one or more of those core technologies to become unavailable. There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or contractors or other technical issues. NexGen may not adequately address every potential event and it may suffer loss or damage as a result of a system failure.

Any damage to, or failure of, NexGen's key systems can result in disruptions in NexGen's ability to operate the Wangle technology and app. Such disruptions have the potential to adversely affect the Company's and NexGen's financial position and financial performance, reduce the potential to attract and/or retain users, impact user service levels and damage the Company's and NexGen's reputations. This could adversely affect NexGen's ability to generate new business and cause it to suffer financial loss.

(i) **Reliance on access to internet**

NexGen will rely on the ability of its users to access the internet. Access is provided by various classes of entities in the broadband and internet access marketplace. Should any of these entities disrupt, restrict or affect the cost of access to NexGen's products, usage of NexGen's products may be negatively impacted.

**8.4 General risks**

(a) **Future capital requirements**

Further funding may be required by the Company to support its ongoing activities and operations, including the need to develop new products, improve existing products, enhance its operating infrastructure and to acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms (or at all) at the relevant time. Any inability to obtain additional funding (or inability to obtain funding on reasonable terms) will adversely affect the financial condition and financial performance of the Company.

(b) **Litigation risks**

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Neither the Company nor NexGen is currently engaged in any litigation.

(c) **Potential acquisitions risk**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(d) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(e) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;

- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(f) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(g) **Force Majeure**

The Company, now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(h) **General economic and political risks**

Changes in the general economic and political climate in Australia and on a global basis may impact on economic growth, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any activities that may be conducted by the Company.

(i) **Regulatory risk**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

## 8.5 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.



Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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**9. INVESTIGATING ACCOUNTANT'S REPORT**



# PITCHER PARTNERS

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Pitcher Partners is an association of Independent firms  
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle

Ref: PM:ml:mm

22 December 2015

The Directors  
VTX Holdings Limited  
C/- Cicero Corporate Services  
PO Box 866  
Subiaco WA 6904

Dear Directors

## **INDEPENDENT LIMITED ASSURANCE REPORT ON VTX HOLDINGS LIMITED HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION**

Pitcher Partners BA&A Pty Ltd ('Pitcher Partners') have been engaged to report on the Historical Financial Information of VTX Holdings Limited and its controlled entity (the 'Company', or 'VTX') and Pro Forma Historical Financial Information of the Company following the proposed acquisition of NexGen Networks Limited (the 'Proposed Group') as at 30 June 2015 and for the year ended 30 June 2015.

The Historical Financial Information has been prepared for inclusion in the Prospectus dated on or about 23 December 2015 (the 'Prospectus'). The Prospectus proposes to issue 200,000 new Shares at an issue price of \$0.05 each to raise a maximum of \$10,000 before costs.

Expressions and terms defined in the Prospectus have the same meaning in this report.

### **1. Background**

VTX is a service provider to the oil and gas industry focused on providing pipe rehabilitation services utilising their patented "ShieldLiner" technology.

On 16 June 2015, the Company announced to the ASX that it had entered into a binding terms sheet ('Terms Sheet') with NexGen Networks Limited ('NexGen') in order to acquire 100% of the issued capital of NexGen.

NexGen is a New Zealand based software technology company that has developed cutting edge software technology "Wangle" – a first to market software – which delivers highly intelligent customised algorithms that enables the re-creation and optimisation of data flow between two geographical points on the globe. The opportunity created by this technology is allowing large packets of already compressed data to be sent more effectively, facilitating faster speeds on existing hardware.

VTX has issued a Prospectus in order to raise the amount required by the ASX at an issue price of not less than \$0.02 per share.

As the proposed acquisition of NexGen constitutes a change in the nature and scale of the Company's activities from an oil and gas services company to a technology based company, VTX is required to re-comply with Listing Rules 1 and 2 by amongst other things, issuing a prospectus.

## **2. Scope**

### ***Historical Financial Information***

The Historical Financial Information of VTX included in the Prospectus comprises:

- the Statement of Comprehensive Income for the year ended 30 June 2013, 2014 and 2015;
- the Statement of Financial Position as at 30 June 2015; and
- the Statement of Changes in equity for the year ended 30 June 2015

The Historical Financial Information of NexGen included in the Prospectus comprises:

- the Statement of Comprehensive Income for the three month period ended 30 June 2015;
- the Statement of Financial Position as at 30 June 2015; and
- the Statement of Changes in equity for the year ended 30 June 2015

(collectively, the 'Historical Financial Information').

The Historical Financial Information of the Company has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Historical Financial Information of the Company has been extracted from the financial report of VTX for the year ended 30 June 2015, which was audited by Pitcher Partners Corporate & Audit (WA) Pty Ltd in accordance with the Australian Auditing Standards. The Historical Financial Information of NexGen has been extracted from the financial report of NexGen for the year ended 30 June 2015, which was audited by BDO Auckland.

Pitcher Partners Corporate & Audit (WA) Pty Ltd and BDO Auckland issued an unmodified audit opinion on the respective financial reports of the Company and NexGen. The audit opinion of NexGen included an emphasis of matter paragraph in relation to their ability to continue as a going concern. The Historical Financial Information of the Company and NexGen is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

### ***Pro Forma Historical Consolidated Financial Information***

You have requested Pitcher Partners to review the following:

- the Pro Forma Consolidated Statement of Financial Position of the Proposed Group as at 30 June 2015; and
- the Pro Forma Consolidated Statement of Changes in Equity of the Proposed Group for the year ended 30 June 2015.

(collectively, the 'Pro Forma Consolidated Historical Financial Information').

The Pro Forma Consolidated Historical Financial Information has been derived from the Historical Financial Information of VTX, after adjusting for the effects of pro forma adjustments described in section 4 and 5 of this report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 4 and 5 of this report, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Consolidated Historical Financial Information does not represent the company's actual or prospective financial position.

#### **Valuation of software product**

The principle asset of VTX after the acquisition will be an intangible asset relating NexGen's Wangle software product offering. The asset has been included at cost in the Pro Forma Consolidated Historical Financial Information of the Proposed Group. We have not performed our own valuation of the software product. We are unable to form a view on whether the carrying value of the software asset is fairly stated.

#### **Directors' responsibility**

The directors of VTX are responsible for the preparation of the Historical Financial Information and Pro Forma Consolidated Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Consolidated Historical Financial Information. This includes responsibility for such internal control as the directors determine are necessary to enable the preparation of the Historical Financial Information and Pro Forma Consolidated Historical Financial Information that are free from material misstatement, whether due to fraud or error.

#### **Our responsibility**

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Consolidated Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Auditing Standards.

Our review consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

### **3. Conclusions**

#### ***Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in Appendices 1 – 3 of this report, and comprising:

- the Consolidated Statement of Comprehensive Income for the year ended 30 June 2013, 2014 and 2015;
- the Consolidated Statement of Financial Position as at 30 June 2015; and

- the Consolidated Statement of Changes in Equity for the year ended 30 June 2015 are not presented fairly, in all material respects, in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies as described in Appendix 4 of this report.

***Pro Forma Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Consolidated Historical Financial Information being the Statement of Financial Positions and Statement of Changes in Equity as at 30 June 2015 of the Proposed Group as described in Appendices 1 -3 is not presented fairly in all material respects, in accordance with the stated basis of preparation being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies as described in Appendix 4 of this report.

**4. Subsequent Events Prior to the Prospectus**

- a) During the period subsequent to 30 June 2015, VTX issued 209,844,168 shares to raise \$5,246,104. These shares were issued as a result of options exercised.
- b) As part of the proposed transaction, VTX has lent \$770,000 to NexGen after year end in accordance with various loan agreements undertaken.
- c) NexGen and VTX incurred approximately \$907,546 in expenditure for administrative costs and further development of the NexGen undertakings. \$289,850 of these costs have been capitalised as Development costs.
- d) The purchase of \$52,614 in equipment post year end for the further development of the NexGen technology.

**5. Assumptions Adopted in Compiling the Pro Forma Adjustments**

The following transactions and events are related to the acquisition and issue of shares under the Prospectus dated on or about 23 December 2015:

- a) The issue of up to 200,000 fully paid ordinary shares at an issue price of 5 cents each pursuant to this Prospectus to raise \$10,000.
- b) Expenses associated with the prospectus and transaction totalling an estimated \$214,210.
- c) The acquisition of 100% of NexGen via issue of 182.7 million and 97.3 million fully paid ordinary shares in the Company respectively to A and B Class vendors. The shares issued were at deemed issue price of 2.05 cents per share, being the 5 day VWAP share trading price prior to the execution and announcement of the binding terms sheet.
- d) The issue of 78.3 million and 41.7 million Performance Shares consisting of three classes (Class A – C) to respective A and B Class vendors. Performance Shares will convert into fully paid ordinary shares upon completion of relevant milestones for each class. The fair value of the performance shares has been determined with reference to the Company's 5 day VWAP share trading price on execution of the binding terms sheet and the Directors best estimate of the probability of each milestone being achieved. For further details, refer to section 13.7 of the Prospectus.

- e) The issue of 20 million Performance Shares consisting of four classes (Class A – D) to Mr Cameron Worth as consideration for previous and ongoing technology development services. The fair value of the performance shares has been determined with reference to the Company's 5 day VWAP share trading price on execution of the binding terms sheet and the Directors best estimate of the probability of each milestone being achieved. For further details, refer to section 13.7 of the Prospectus.
- f) The issue of 15 million unquoted options to advisers for corporate advisory and investor relation services performed. The options have been valued using a Black-Scholes model and discounted for their lack of liquidity being unlisted. For further details, refer to section 13.3 – 13.6 of the Prospectus.
- g) Impairment and elimination of the investment in NexGen to \$289,850 being the capitalised development costs of NexGen's technology project.
- h) The provision of a \$50,000 interest free loan to Mr Robert Pole deemed to be repaid upon completion of the acquisition. Refer to section 12.3 of the Prospectus for further details.
- i) Payment of \$50,000 to Mr Jason Gitman upon completion of the acquisition. Refer to section 12.3 of the Prospectus for further details.

#### **6. Restriction on Use**

Without modifying our conclusions, we draw attention to section 13.12 of the Prospectus, which describes the purpose of the financial information prepared, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for another purpose.


#### **7. Liability**

Pitcher Partners has consented to the inclusion of this report in the Prospectus in the form and context in which it is included. The liability of Pitcher Partners is limited to the inclusion of this report in the Prospectus. Pitcher Partners makes no representation regarding, and has no liability for, any other statement or other material in, or any omissions from, the Prospectus.

#### **8. Declaration of Interest**

Pitcher Partners does not have any interest in the outcome of the Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully  
PITCHER PARTNERS BA&A PTY LTD



PAUL MULLIGAN  
Executive Director

## APPENDIX 1

**VTX HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED 30 JUNE 2013, 2014 and 2015**

	VTX Holdings Limited Consolidated Group Audited 30 Jun 15 \$	VTX Holdings Limited Consolidated Group Audited 30 Jun 14 \$	VTX Holdings Limited Consolidated Group Audited 30 Jun 13 \$
<b>Revenue from continuing operations</b>	19,118	5,813	18,950
Research and development costs, material and consultants	(24,627)	(214,011)	-
Directors' fees, salaries, superannuation and consulting costs	(170,306)	(274,214)	(91,248)
Depreciation expenses	(4,856)	(8,858)	(11,943)
Public company costs, fees, share registry, shareholder costs	(59,989)	(24,604)	(19,566)
Occupancy costs	4,361	(39,491)	(37,935)
Legal fees	(18,232)	(5,459)	(43,891)
Audit fees	(25,147)	(20,588)	(2,451)
Insurances	(8,567)	(14,394)	(22,036)
Interest expenses	(438)	(815)	3,332
Other expenses from ordinary activities	(13,019)	(100,319)	(45,832)
Corporate fees	(89,000)	(144,000)	(123,836)
<b>Loss from continuing operations before income tax</b>	(390,702)	(840,940)	(376,456)
Income tax expense	-	-	-
<b>Loss from continuing operations after income tax</b>	(390,702)	(840,940)	(376,456)
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax	-	-	-
<b>Total comprehensive loss for the year</b>	(390,702)	(840,940)	(376,456)
<b>Loss for the period is attributed to:</b>			
Owners of the Company	(390,702)	(840,940)	(376,456)
<b>Total comprehensive loss for the period attributed to:</b>			
Owners of the Company	(390,702)	(840,940)	(376,456)

The Statement of Comprehensive Income is to be read in conjunction with notes to and forming part of the Historical and Pro Forma Consolidated Historical Financial Information set out in Appendix 4.



**NEXGEN NETWORKS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 3 MONTH PERIOD ENDED 30 JUNE 2015**

	<b>NexGen Networks  Limited Audited  30 Jun 15</b> \$
<b>Revenue from continuing operations</b>	-
Administration and other expenses	(101)
Consulting fees	(92,185)
Employee costs	(5,903)
Low value assets	(3,580)
Professional fees	(9,154)
Tenancy costs	(5,313)
Travel costs	(4,373)
Web hosting expense	(2,311)
Depreciation	(1,233)
Foreign currency loss	(2,014)
<b>Loss from continuing operations before income tax</b>	(126,167)
Income tax expense	
<b>Loss from continuing operations after income tax</b>	(126,167)
 <b>Other comprehensive income</b>	
Other comprehensive income for the year, net of tax	
<b>Total comprehensive loss for the year</b>	(126,167)
 <b>Loss for the period is attributed to:</b>	
Owners of the Company	(126,167)
 <b>Total comprehensive loss for the period attributed to:</b>	
Owners of the Company	(126,167)

The Statement of Comprehensive Income is to be read in conjunction with notes to and forming part of the Historical and Pro Forma Consolidated Historical Financial Information set out in Appendix 4.

**APPENDIX 2**

**VTX HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

	Notes	VTX Holdings Limited Consolidated Group Audited 30 Jun 15	NexGen Networks Limited Audited 30 Jun 15	Subsequent Event Adjustments	Pro Forma Adjustments	Pro Forma After Issue
		\$	\$	\$	\$	\$
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	2	937,776	67,939	4,285,944	(313,064)	4,978,595
Trade and other receivables	3	20,686	19,037	-	-	39,723
Other current assets	4	100,000	-	-	(100,000)	-
<b>Total Current Assets</b>		<b>1,058,462</b>	<b>86,976</b>	<b>4,285,944</b>	<b>(413,064)</b>	<b>5,018,318</b>
<b>Non-Current Assets</b>						
Investments	5	-	-	-	-	-
Property plant & equipment	6	19,277	14,946	52,614	-	86,837
Development costs	7	-	-	289,850	-	289,850
<b>Total Non-Current Assets</b>		<b>19,277</b>	<b>14,946</b>	<b>342,464</b>	<b>-</b>	<b>376,687</b>
<b>TOTAL ASSETS</b>		<b>1,077,739</b>	<b>101,922</b>	<b>4,628,408</b>	<b>(413,064)</b>	<b>5,395,005</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Trade and other payables	8	93,040	81,138	-	-	174,178
Borrowings	9	-	138,097	-	(100,000)	38,097
<b>Total Current Liabilities</b>		<b>93,040</b>	<b>219,235</b>	<b>-</b>	<b>(100,000)</b>	<b>212,275</b>
<b>TOTAL LIABILITIES</b>		<b>93,040</b>	<b>219,235</b>	<b>-</b>	<b>(100,000)</b>	<b>212,275</b>
<b>NET ASSETS</b>		<b>984,699</b>	<b>(117,313)</b>	<b>4,628,408</b>	<b>(313,064)</b>	<b>5,182,730</b>
<b>EQUITY</b>						
Contributed equity	10	11,415,813	8,854	5,246,104	5,526,936	22,197,707
Reserves	11	660,074	-	-	1,959,447	2,619,521
Accumulated losses	12	(11,091,188)	(126,167)	(617,696)	(7,799,447)	(19,634,498)
<b>TOTAL EQUITY</b>		<b>984,699</b>	<b>(117,313)</b>	<b>4,628,408</b>	<b>(313,064)</b>	<b>5,182,730</b>

The reviewed Pro Forma Consolidated Statement of Financial Position after the Prospectus is as per the Statement of Financial Position of the Company before the Prospectus adjusted for the subsequent events and Pro Forma transactions outlined in sections 4 and 5 of this report relating to the issue of Shares pursuant to the Prospectus and the Acquisition. The Consolidated Statement of Financial Position is to be read in conjunction with the notes to and forming part of the Historical and Pro Forma Consolidated Historical Financial Information set out in Appendix 4.

**APPENDIX 3**

**VTX HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**AS AT 30 JUNE 2015**

	VTX Holdings Limited Consolidated Group Audited 30 Jun 15 \$	NexGen Networks Limited Audited 30 Jun 15 \$	Subsequent Event Adjustments \$	Pro Forma Adjustments \$	Pro Forma After Issue \$
<b>Opening Balance 1 July 2014:</b>					
- Contributed equity	9,811,391	-	-	-	9,811,391
- Option premium reserve	657,097	-	-	-	657,097
- Equity based payment reserve	-	-	-	-	-
- Accumulated losses	(10,700,486)	-	-	-	(10,700,486)
	(231,998)	-	-	-	(231,998)
<b>Comprehensive income for the period:</b>					
Loss for the period	(390,702)	(126,167)	(617,696)	(7,799,447)	(8,934,012)
<b>Total comprehensive loss attributed to members</b>	(390,702)	(126,167)	(617,696)	(7,799,447)	(8,934,012)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued during the year less transaction costs	1,679,013	8,854	5,246,104	5,741,146	12,675,117
Options issued during the year	2,977	-	-	60,113	63,090
Equity based payments	-	-	-	1,899,334	1,899,334
Share/Option issue costs	(74,591)	-	-	(214,210)	(288,801)
<b>Total transactions with owners</b>	1,607,399	8,854	5,246,104	7,486,383	14,348,740
<b>Closing balance 30 June 2015</b>	984,699	(117,313)	4,628,408	(313,064)	5,182,730

The reviewed Pro Forma Consolidated Statement of Changes in Equity after the Prospectus is as per the Statement of Changes in Equity of the Company before the Prospectus adjusted for the subsequent events and Pro Forma transactions outlined in sections 4 and 5 of this report relating to the issue of Shares pursuant to the Prospectus and the Acquisition. The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the Historical and Pro Forma Consolidated Historical Financial Information set out in Appendix 4.

**VTX HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE HISTORICAL**  
**AND PRO FORMA CONSOLIDATED HISTORICAL FINANCIAL INFORMATION**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. REPORTING ENTITY**

The significant accounting policies adopted in the preparation of the Historical Financial Information and Pro Forma Consolidated Historical Financial Information included in this report have been set out below.

**A. Basis of Preparation of Historical and Pro Forma Consolidated Historical Financial Information**

The Historical and Pro Forma Consolidated Historical Financial Information has been prepared in accordance with the recognition and measurement, but not all the presentation and disclosure requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The Historical and Pro Forma Consolidated Historical Financial Information has been prepared on a historical cost basis and except where stated does not take in to account changing money values or current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of this Historical and Pro Forma Consolidated Historical Financial Information, apart from the significant accounting policies set out below, are consistent with those adopted in the annual financial statements for the year ended 30 June 2015 and the half year review report of the Company for the six month period ended 31 December 2014.

**B. Going concern**

The Financial Information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing commitments and for working capital. The directors may need to raise additional capital or realise assets as required to further explore and evaluate the current opportunities. The directors believe that the Company will continue as a going concern. As a result the Financial Information has been prepared on a going concern basis. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

**C. Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entity controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expense of subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiary that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised the statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any noncontrolling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

#### **(a) Intangibles**

##### Patents, trademarks, core technologies and licences

Patents, trademarks, core technologies and licences are acquired and are recorded at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight line basis over their estimated useful lives of 20 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

#### **(b) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. All revenue is stated net of the amount of goods and services tax (GST).

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. Revenue is recognised for the major business activities as follows:

##### Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**(c) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Finance lease assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(d) Foreign currencies**

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the period in which they arise.

**(e) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

**(f) Share-based payments**

Equity-settled share-based payments to employees and others providing services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

**(g) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### **(h) Tax consolidation**

VTX Holdings and its 100% owned Australian resident subsidiary has implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

VTX recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Group.

#### **(i) Plant and equipment**

Plant, equipment, vehicles and other fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant, equipment, vehicles and other fixed assets. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The depreciation rates used for each class of asset for the current period are as follows:

- Plant and equipment - 5% - 60%
- Motor vehicles - 20% - 25%
- Furniture, fittings and office equipment - 25% - 40%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### **(j) Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit and loss.



## Classification and Subsequent Measurement

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amounts due less provision for doubtful debts. Loans and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

### *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

## **(k) Impairment of financial assets**

At each reporting date, the Group assesses all financial assets, other than those held at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments, are all considered indicators of impairment.

Impairment losses are recognised in profit or loss, and are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset, at the date that the impairment is reversed, shall not exceed what the carrying amount would have been had the impairment not been recognised. Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

## **(l) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables in the consolidated statement of financial position are recognised inclusive of GST.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

## **(m) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, other short-term highly liquid investments with original maturities of three (3) months or less, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

**(n) Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Tests are conducted annually by the Company to determine whether the carrying value of Technology rights and capitalised patent expenditure has suffered any impairment

**(o) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(p) Comparative amounts**

Where necessary, comparative figures have been reclassified and repositioned for consistency with current year disclosures.

**(q) Research and development expenditure**

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when technical feasibility studies demonstrate that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of its estimated useful life commencing when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

**(r) Significant accounting estimates and judgements**

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

*Share-based payments transactions*

The Performance shares payable on acquisition of NexGen have been measured with reference to the last trading price of the Company's shares on execution of the binding terms sheet. The Directors have then discounted the value of Performance shares recognised by the probability of achieving each of the required milestones for the Performance shares to convert to fully paid ordinary shares in the Company.

**NOTE 2. CASH AND CASH EQUIVALENTS**

	VTX Holdings Limited Consolidated Group Audited 30 Jun 15 \$	NexGen Networks Limited Audited 30 Jun 15 \$	Pro Forma After Issue \$
<b>Cash and cash equivalents</b>	<b>937,776</b>	<b>67,939</b>	<b>4,978,595</b>
VTX Holdings Limited Audited balance at 30 June 2015			937,776
NexGen Networks Limited Audited balance at 30 June 2015			67,939
<i>Subsequent events (VTX Holdings Limited):</i>			
Issue of 209,844,168 shares upon exercise of Options			5,246,104
Post year end expenditure in relation to NexGen Networks Limited project			(907,546)
Purchase of equipment post year end			(52,614)
<i>Adjustments arising in the preparation of the pro forma cash and cash equivalents balance are as follows:</i>			
Issue of 200,000 Shares in the Company at an issue price of \$0.05 per Share			10,000
Share issue costs			(214,210)
Interest free loan to Mr Pole deemed repaid at settlement			(50,000)
Payment to Mr Gitman due following settlement			(50,000)
Elimination of contributed equity of NexGen Networks Limited			(8,854)
<b>Pro Forma balance</b>			<b>4,978,595</b>

**NOTE 3. TRADE AND OTHER RECEIVABLES**

	VTX Holdings Limited Consolidated Group Audited 30 Jun 15 \$	NexGen Networks Limited Audited 30 Jun 15 \$	Pro Forma After Issue \$
<b>Trade and other receivables</b>	<b>20,686</b>	<b>19,037</b>	<b>39,723</b>
VTX Holdings Limited Audited balance at 30 June 2015			20,686
NexGen Networks Limited Audited balance at 30 June 2015			19,037
<b>Pro Forma balance</b>			<b>39,723</b>

**NOTE 4. OTHER CURRENT ASSETS**

	VTX Holdings Limited Consolidated Group Audited 30 Jun 15 \$	NexGen Networks Limited Audited 30 Jun 15 \$	Pro Forma After Issue \$
<b>Other current assets</b>	<b>100,000</b>	-	-
VTX Holdings Limited Audited balance at 30 June 2015			100,000
NexGen Networks Limited Audited balance at 30 June 2015			-
<i>Subsequent events (VTX Holdings Limited):</i>			
Funds loaned by VTX Holdings Limited to NexGen Networks Limited after year end			770,000
<i>Adjustments arising in the preparation of the pro forma investment balance are summarised as follows:</i>			
Elimination of receivable from NexGen Networks Limited on consolidation			(870,000)
<b>Pro Forma balance</b>			<b>-</b>

**NOTE 5. INVESTMENT IN SUBSIDIARIES**

	VTX Holdings Limited Consolidated Group Audited 30 Jun 15 \$	NexGen Networks Limited Audited 30 Jun 15 \$	Pro Forma After Issue \$
<b>Investment in subsidiaries</b>	-	-	-
VTX Holdings Limited Audited balance at 30 June 2015			-
NexGen Networks Limited Audited balance at 30 June 2015			-
<i>Adjustments arising in the preparation of the pro forma investment balance are summarised as follows:</i>			
Investment in NexGen Networks Limited			7,639,334
Writedown of investment on consolidation of NexGen Networks Limited			(7,639,334)
<b>Pro forma balance</b>			<b>-</b>

**NOTE 6. PROPERTY PLANT & EQUIPMENT**

	VTX Holdings Limited Consolidated Group Audited 30 Jun 15 \$	NexGen Networks Limited Audited 30 Jun 15 \$	Pro Forma After Issue \$
<b>Property plant &amp; equipment</b>	<b>19,277</b>	<b>14,946</b>	<b>86,837</b>
VTX Holdings Limited Audited balance at 30 June 2015			19,277
NexGen Networks Limited Audited balance at 30 June 2015			14,946
<i>Subsequent events (VTX Holdings Limited):</i>			
Purchase of equipment post year end			52,614
<b>Pro Forma balance</b>			<b>86,837</b>

**NOTE 7. DEVELOPMENT COSTS**

	VTX Holdings Limited Consolidated Group Audited 30 Jun 15 \$	NexGen Networks Limited Audited 30 Jun 15 \$	Pro Forma After Issue \$
<b>Development costs</b>	<b>-</b>	<b>-</b>	<b>289,850</b>
VTX Holdings Limited Audited balance at 30 June 2015			-
NexGen Networks Limited Audited balance at 30 June 2015			-
<i>Subsequent events (VTX Holdings Limited):</i>			
Post year end Development costs capitalised in relation to the NexGen Networks Limited project			289,850
<b>Pro Forma balance</b>			<b>289,850</b>

**NOTE 8. TRADE AND OTHER PAYABLES**

	VTX Holdings Limited Consolidated Group Audited 30 Jun 15 \$	NexGen Networks Limited Audited 30 Jun 15 \$	Pro Forma After Issue \$
<b>Trade and other payables</b>	<b>93,040</b>	<b>81,138</b>	<b>174,178</b>

VTX Holdings Limited Audited balance at 30 June 2015	93,040
NexGen Networks Limited Audited balance at 30 June 2015	81,138
<b>Pro Forma balance</b>	<b>174,178</b>

**NOTE 9. BORROWINGS**

	VTX Holdings Limited Consolidated Group Audited 30 Jun 15 \$	NexGen Networks Limited Audited 30 Jun 15 \$	Pro Forma After Issue \$
<b>Other payables</b>	<b>-</b>	<b>138,097</b>	<b>38,097</b>

VTX Holdings Limited Audited balance at 30 June 2015	-
NexGen Networks Limited Audited balance at 30 June 2015	138,097
<i>Subsequent events (VTX Holdings Limited):</i>	
Funds loaned by VTX Holdings Limited to NexGen Networks Limited after year end	770,000
<i>Adjustments arising in the preparation of the pro forma investment balance are summarised as follows:</i>	
Elimination of borrowings from VTX Holdings Limited on consolidation	(870,000)
<b>Pro Forma balance</b>	<b>38,097</b>

**NOTE 10. CONTRIBUTED EQUITY**

	<b>VTX Holdings Limited Consolidated Group Audited 30 Jun 15 \$</b>	<b>NexGen Networks Limited Audited 30 Jun 15 \$</b>	<b>Pro Forma After Issue \$</b>
<b>Contributed equity</b>	<b>11,415,813</b>	<b>8,854</b>	<b>22,197,707</b>
		<b><u>Number of Ordinary Shares</u></b>	<b><u>\$</u></b>
VTX Holdings Limited Audited balance at 30 June 2015		325,000,000	11,415,813
NexGen Networks Limited Audited balance at 30 June 2015		10,000	8,854
<i>Subsequent events (VTX Holdings Limited):</i>			
Issue of 209,844,168 shares upon exercise of Options		209,844,168	5,246,104
<i>Adjustments arising in the preparation of the pro forma contributed capital balance are summarised as follows:</i>			
Proceed from Shares issued under this Prospectus (assuming no oversubscriptions)		200,000	10,000
Prospectus transaction costs		-	(214,210)
Issue of 182,700,000 shares as consideration to A Class Vendors for the Acquisition of NexGen Networks Limited		182,700,000	3,745,350
Issue of 97,300,000 shares as consideration to B Class Vendors for the Acquisition of NexGen Networks Limited		97,300,000	1,994,650
Elimination of contributed equity of NexGen Networks Limited		(10,000)	(8,854)
<b>Pro Forma balance</b>		<b>815,044,168</b>	<b>22,197,707</b>

**NOTE 11. RESERVES**

	<b>VTX Holdings Limited Consolidated Group Audited 30 Jun 15 \$</b>	<b>NexGen Networks Limited Audited 30 Jun 15 \$</b>	<b>Pro Forma After Issue \$</b>
- Option premium reserve	660,074	-	720,187
- Equity based payment reserve	-	-	1,899,334
<b>Reserves</b>	<b>660,074</b>	-	<b>2,619,521</b>

VTX Holdings Limited Audited balance at 30 June 2015	660,074
NexGen Networks Limited Audited balance at 30 June 2015	-
<i>Adjustment arising in the preparation of the pro forma reserves balance are summarised as follows</i>	
15,000,000 Unquoted Options issued to advisers as part of the prospectus for corporate advisory and investor relation services performed	60,113
Issue of 78,300,000 Performance shares as contingent consideration to A Class Vendors for the Acquisition of NexGen Networks Limited	1,071,840
Issue of 41,700,000 Performance shares as contingent consideration to B Class Vendors for the Acquisition of NexGen Networks Limited	570,827
20,000,000 Performance shares as consideration for previous and ongoing technology development services provided by Cameron Worth	256,667
<b>Pro Forma balance</b>	<b>2,619,521</b>

The performance shares consist of four classes (Class A - D) and will be issued upon completion of the acquisition of NexGen Networks Limited. The performance shares will convert into ordinary shares upon the completion of relevant milestones applicable to each class.

The fair value of performance shares has been determined with reference to the company's 5 day VWAP trading price before executing a binding heads of agreement to acquire NexGen Networks Limited and is based on probability of each milestone being achieved as best determined by the Directors.

For further details on performance shares and milestones, refer to section 13.7 of the Prospectus



**NOTE 12. ACCUMULATED LOSSES**

	VTX Holdings Limited Consolidated Group Audited 30 Jun 15 \$	NexGen Networks Limited Audited 30 Jun 15 \$	Pro Forma After Issue \$
<b>Accumulated losses</b>	<b>(11,091,188)</b>	<b>(126,167)</b>	<b>(19,634,498)</b>
VTX Holdings Limited Audited balance at 30 June 2015			(11,091,188)
NexGen Networks Limited Audited balance at 30 June 2015			(126,167)
<i>Subsequent events (VTX Holdings Limited):</i>			
Post year end expenditure in relation to the NexGen project			(617,696)
<i>Adjustment arising in the preparation of the pro forma accumulated losses balance are summarised as follows:</i>			
Interest free loan to Mr Pole deemed repaid at settlement			(50,000)
Payment to Mr Gitman due following settlement			(50,000)
Writedown of investment on consolidation of NexGen Networks Limited			(7,639,334)
15,000,000 Unquoted Options issued to advisers as part of the prospectus for corporate advisory and investor relation services performed			(60,113)
<b>Pro Forma balance</b>			<b>(19,634,498)</b>

**NOTE 13. OPTIONS**

15,000,000 Unquoted Options will be issued to advisers as part of the Prospectus for services corporate advisory and investor relation services provided. These Options comprise of:

- 5,000,000 exercisable at \$0.075 each on or before 31 August 2018;
- 5,000,000 exercisable at \$0.10 each on or before 31 August 2018; and
- 5,000,000 exercisable at \$0.15 each on or before 31 August 2018 and an attached vesting condition relating to the holder introduce institutional investors that together hold not less than 5% of the issues shares of the Company within 18 months of the date of the issue of Options.

As at the date of this report 62,034,867 Options were on issue exercisable on or before 31 August 2018 at an exercise price of \$0.15 each.

**NOTE 14. RELATED PARTY DISCLOSURES**

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

The Directors of the Company at the date of this report are Andrew Haythorpe, Harry Karelis and James Robinson.

Directors' holdings of Shares, Directors' remuneration and other Directors' interests are set out in sections 10.3 of the Prospectus.

**NOTE 15. COMMITMENTS AND CONTINGENCIES**

As stipulated in section 5 of this report in relation to the Acquisition, the Company has agreed to allot and issue of 140,000,000 Performances Shares of the Company as Deferred Consideration Shares upon fulfilment of certain performance milestones in relation to the NexGen acquisition. Refer to section 13.7 of the Prospectus for details.

At the date of the Report there are no material commitments or contingent liabilities that we are aware of other than those disclosed in the Prospectus.

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## 10. BOARD, MANAGEMENT AND INTERESTS

### 10.1 Directors

As at the date of this Prospectus, the Board comprises of:

- (a) Andrew Haythorpe – Non-Executive Chairman;
- (b) Harry Karelis – Non-Executive Director; and
- (c) James Robinson – Non-Executive Director.

Following successful completion of the Acquisition, it is proposed that Jason Gitmans and Keaton Wallace will be elected to the Board and that Mr Karelis and Mr Robinson will resign as Directors of the Company.

It is proposed that upon completion of the Acquisition, the Company's Board will consist of the following Directors:

- (a) Andrew Haythorpe – Non-Executive Chairman;
- (b) Jason Gitmans – Managing Director; and
- (c) Keaton Wallace – Non-Executive Director.

Detailed summaries of the background and experience of each of Andrew Haythorpe, Jason Gitmans and Keaton Wallace are set out below.

#### **Andrew Haythorpe**

*Non-Executive Chairman*

During the past 15 years Mr Haythorpe has been involved in a number of junior company turnarounds with ASX and TSX listed companies. In the past, Mr Haythorpe has held several board positions, including managing director of Liberty Resources Limited (now Cirrus Networks Holdings Limited (ASX:CNW) (resigned July 2015), Michelago Limited (resigned: April 2004) and Crescent Gold Limited (taken over by Focus Minerals Limited) (resigned: October 2007), non-executive chairman of Aurox Resources Limited (resigned: July 2006), Central Iron Ore Limited (formerly InterCOAL Limited ) (resigned: August 2005), Central Kalgoorlie Gold Mines Limited (resigned: April 2003) and Top End Minerals Limited (ASX:TND) (formerly Top End Uranium Limited) (resigned: November 2008) as well as a non-executive director of Club Crocodile Holdings Limited, a resort property company (resigned: 2001) and Salmon Resources (TSX Venture: SAL) (resigned July 2010).

#### **Jason Gitmans**

*Proposed Managing Director*

Mr Gitmans has extensive experience as an entrepreneur, having founded and successfully managed a number of small to medium size enterprises during his career. These include wholesale and retail businesses. Jason previously built and led a retail chain in over 19 European countries with 450 retail locations with over 2,000 staff in just under two years.

His prior roles include top level company and entrepreneurial management, having built global retail networks across the world. Mr Gitmans currently sits on a number of company boards and provides active and strategic direction into these companies. Jason has helped incubate and foster the NexGen

technology bringing together investors and technical contractors to support Mr Pole, in getting the business off the ground.

Mr Gitmans is currently a director of Gitmans Limited and NexGen Networks Limited.

During the past three years, Mr Gitmans has also served as a director of Gold Buyers Europe SL (resigned: 29 October 2013), Gold Buyer European Processing SL (resigned: September 2013), Gold Buyer Greece (resigned: January 2015) and Gold Buyers Germany GMBH (resigned: 31 August 2013) (together **Gold Buyers Group**). The Gold Buyers Group was a privately funded and owned group of companies which experienced growth as a result of a flood of investment in gold following the global financial crisis. However, governmental policies to stabilise markets and the economy lead to a rapid downturn in gold prices, which resulted in the Gold Buyers Group downsizing its operations until the group decided to close all operations in Europe and retrench globally. The companies were placed into voluntary liquidation, which Mr Gitmans managed across Europe.

The Directors have considered the above circumstances surrounding Mr Gitmans's involvement in the Gold Buyers Group, and are of the view that Mr Gitmans's involvement in these companies in no way impacts on his appointment and contribution as a Director of the Company.

#### **Keaton Wallace**

*Proposed Non-Executive Director*

Mr Wallace is a founder and executive director of ZipTel Limited, which successfully listed on the ASX in July 2014 (ASX:ZIP). Keaton has overseen the business operations of ZipTel's two core products – AussieSim and the highly anticipated launch of the ZipT mobile based application. ZipT is a mobile based application utilising proprietary compression technology to allow VOIP calls to be carried at less than 4 kbps. The company has experienced substantial share price appreciation in the last 12 months with gains of over 400%.

Keaton will oversee the listing process on behalf of NexGen from Australia and provide high level consultancy to NexGen during the listing phase until successful listing on the ASX.

## **10.2 Senior Management of NexGen**

NexGen's key management personnel are as follows:

#### **Robert Pole**

*Chief Information Officer*

Mr Pole has previous entrepreneurial experience and success creating a company and pioneering solutions using Advanced IT Technology. Rob previously founded a large IT service provider company still operating successfully today. This saw a number of successful years providing complex calling centre solutions plus offering wholesale VoIP to customers.

The largest was a 1500+ seater where the advanced solution afforded the transmission of 600 concurrent calls over long-distance full-duplex outdoor wireless between sites 30+ kms apart. He has over 20 years' experience in IT, specialising in networking. Rob is a well-respected pioneer leader in his field. NexGen and the resultant NeoNet product range is a result of Rob's expertise and technical knowhow.

**Cameron Worth**  
*Chief Technology Officer*

Mr Worth has led project across multiple jurisdictions and successfully launched platforms and deployed large-scale business intelligence systems in multiple markets. He has extensive experience in the design and development of web based software solutions and has consulted extensively in software development and cloud solutions.

Mr Worth also acts as an industry representative, in communication and cultural studies for Curtin University, Western Australia

### 10.3 Disclosure of Interests

#### Interests in Securities

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. Immediately prior to completion of the Acquisition, the Directors are expected to have relevant interests in Securities as follows:

Director	Shares	Options <sup>1</sup>	Performance Shares
Andrew Haythorpe	21,800,000	10,000,000	Nil
Harry Karelis	10,000,000	10,000,000	Nil
James Robinson	16,475,000	5,000,000	Nil

Following the successful completion of the Acquisition and the Offer, the Directors and Proposed Directors will have relevant interests in Securities as follows:

Director	Shares	Options <sup>1</sup>	Performance Shares
Andrew Haythorpe	21,800,000	10,000,000	Nil
Harry Karelis	10,000,000	10,000,000	Nil
James Robinson	16,475,000	5,000,000	Nil
Jason Gitmans	Nil	Nil	Nil
Keaton Wallace <sup>2</sup>	51,960,844	7,442,433	20,250,000 <sup>3</sup>

Following exercise of the Put Option, and the successful completion of the Transaction, the Directors and Proposed Directors will have relevant interests in Securities as follows:

Director	Shares	Options <sup>1</sup>	Performance Shares
Andrew Haythorpe	21,800,000	10,000,000	Nil
Harry Karelis	10,000,000	10,000,000	Nil
James Robinson	16,475,000	5,000,000	Nil
Jason Gitmans	65,800,000	Nil	28,200,000 <sup>4</sup>
Keaton Wallace <sup>2</sup>	51,960,844	7,442,433	20,250,000 <sup>3</sup>

**Notes:**

1. Unquoted Options exercisable at \$0.025 each on or before 31 August 2018.
2. Held directly and indirectly through Cardup Syndicate Holdings Pty Ltd, an entity controlled by Keaton Wallace.
3. Comprising 6,750,000 of each of Class A Performance Shares, Class B Performance Shares and Class C Performance Shares. The terms of the Performance Shares are set out in Section 13.4.
4. Comprising 9,400,000 of each of Class A Performance Shares, Class B Performance Shares and Class C Performance Shares. The terms of the Performance Shares are set out in Section 13.4

**Remuneration**

Details of the Directors' and Proposed Directors' remuneration upon completion of the Offer are set out in the table below:

Director	Remuneration for the year ended 30 June 2015	Proposed remuneration for the year ended 30 June 2016	Proposed remuneration for year ended 30 June 2017
<b>Directors</b>			
Andrew Haythorpe <sup>1</sup>	\$52,903	\$60,000	\$Nil
Harry Karelis <sup>1</sup>	\$52,903	\$35,000 <sup>3</sup>	\$Nil
James Robinson	\$214,687 <sup>2</sup>	\$229,363 <sup>4</sup>	\$Nil
<b>Proposed Directors</b>			
Jason Gitmans	\$Nil	\$75,000 <sup>5</sup>	\$205,000
Keaton Wallace	\$Nil	\$40,000 <sup>5</sup>	\$96,000

**Notes:**

1. Appointed on 14 August 2014.
2. This includes a monthly fee of \$7,000 (excluding GST) paid to Cicero Corporate Services Pty Ltd, of which Mr Robinson is a director and shareholder, for corporate administration services. In addition, Cicero Advisory Services Pty Ltd was appointed as manager to the Company's share purchase plan shortfall offer for which it received fees of \$51,091.
3. Assumes that Settlement of the Acquisition occurs on 1 February 2016 and Mr Karelis retires from the board on that date.
4. Assumes that Settlement of the Acquisition occurs on 1 February 2016 and Mr Robinson retires from the board on that date. This amount also includes a monthly fee of \$7,000 (excluding GST) paid to Cicero Corporate Services Pty Ltd, of which Mr Robinson is a director and shareholder, for corporate administration services. In addition, Cicero Advisory Services Pty Ltd was appointed as corporate advisor to accelerate the exercise of the Company's options for which it received fees of \$110,363.
5. Assumes that Settlement of the Acquisition occurs on 1 February 2016 and Messrs Gitmans and Wallace are appointed to the board on that date.

**10.4 Director participation in the Offer**

None of the Directors or Proposed Directors intend on participating in the Offer.

## **10.5 Agreements with Directors and Proposed Directors**

The agreements the Company has entered into with Directors and Proposed Directors are contained in Sections 12.3, 12.4 and 12.7.

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## 11. CORPORATE GOVERNANCE

### 11.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website ([www.vtxholdings.com.au](http://www.vtxholdings.com.au)).

#### **Board of directors**

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.



### ***Composition of the Board***

Election of Board members is substantially the province of the Shareholders in general meeting.

### ***Identification and management of risk***

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

### ***Ethical standards***

The Board is committed to the establishment and maintenance of appropriate ethical standards.

### ***Independent professional advice***

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

### ***Remuneration arrangements***

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$200,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

### ***Trading policy***

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

### ***External audit***

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

### ***Audit committee***

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

### ***Diversity policy***

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

## **11.2 Departures from Recommendations**

Following re-admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out on the following pages.

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
<b>1.</b>	<b><i>Lay solid foundations for management and oversight</i></b>	
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Nomination Committee (or, in its absence, or if one has not yet been established, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, or if one has not yet been established, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p>

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
		The Company has written agreements with each of its Directors and senior executives.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender</p>	<p>(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives if any have been set and the Company's progress in achieving them.</p> <p>(b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.</p> <p>(c) The Board does not presently intend to set measurable gender diversity objectives because:</p> <p>(i) it is the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; and</p> <p>(ii) if it becomes necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit; and</p> <p>(iii) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) for each financial year will be disclosed in the Company's Annual Report.</p>

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
	<p>Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.</p>	
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>(a) The Company's Nomination Committee (or, in its absence, or if one has not yet been established, the Board) is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the Board, its committees (if any) and individual Directors for the each financial year in accordance with the above process.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>(a) The Company's Nomination Committee (or, in its absence, or if one has not yet been established, the Board) is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Company's Remuneration Committee (or, in its absence, or if one has not yet been established, the Board) is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director.</p> <p>The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the senior executives (if any) for</p>

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
		each financial year in accordance with the applicable processes.
<b>2.</b>	<b><i>Structure the board to add value</i></b>	
2.1.	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	<p>(a) The Company does not currently have a Nomination Committee. The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company does not have a Nomination Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:</p> <ul style="list-style-type: none"> <li>(iv) devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and</li> <li>(v) all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</li> </ul> <p>Upon re-listing, the Company proposes to consider whether a Nomination Committee should be established given the change in the Company's activities.</p>
2.2.	A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, or if one has not yet been established, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
		<p>to facilitate successful strategic direction.</p> <p>The Company has a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. A copy is available in the Company's Annual Report.</p> <p>The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience are available in the Company's Annual Report.</p>
2.3.	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Recommendations, but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Company will disclose those Directors it considers to be independent in its Annual Report and on its ASX website. The Board currently comprises a total of three directors all of whom are considered to be independent.</p> <p>(b) The Company has provided details of any departures from Principle 2 in its Annual Report.</p> <p>(c) The Company's Annual Report will disclose the length of service of each Director, as at the end of each financial year.</p>
2.4.	<p>A majority of the board of a listed entity should be independent directors.</p>	<p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent.</p> <p>The Board currently comprises a total of three directors all of whom are considered to be independent.</p> <p>Following the Settlement of the Acquisition, the board will no longer be compliant with Recommendation 2.4. The board will comprises a total of three directors, of which only Mr Haythorpe will be considered independent.</p>
2.5.	<p>The chair of the board of a listed entity should be an independent director and, in particular, should not be</p>	<p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing</p>

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
	the same person as the CEO of the entity.	Director. The Chair of the Company is an independent Director and is not the CEO/Managing Director.
2.6.	A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	In accordance with the Company's Board Charter, the Nominations Committee (or, in its absence, or if one has not yet been established, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development.
<b>3.</b>	<b><i>Act ethically and responsibly</i></b>	
3.1.	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees. (b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.
<b>4.</b>	<b><i>Safeguard integrity in corporate reporting</i></b>	
4.1.	The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience	(a) The Company does not currently have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair. (b) The Company does not have an Audit and Risk Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and



	PRINCIPLES AND RECOMMENDATIONS	COMMENT
	<p>of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>removal of the external auditor and the rotation of the audit engagement partner:</p> <p>(i) the Board devotes time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and</p> <p>(ii) all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p> <p>Upon re-listing, the Company proposes to consider whether an Audit Committee should be established given the change in the Company's activities.</p>
4.2.	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms.</p> <p>The Company intends to obtain a sign off on these terms for each of its financial statements in each financial year.</p>
4.3.	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>
<b>5.</b>	<b><i>Make timely and balanced disclosure</i></b>	

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
5.1.	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>(a) The Board Charter provides details of the Company's disclosure policy. In addition, the Corporate Governance Plan details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation.</p> <p>(b) The Corporate Governance Plan, which incorporates the Board Charter, is available on the Company website.</p>
<b>6.</b>	<b><i>Respect the rights of security holders</i></b>	
6.1.	A listed entity should provide information about itself and its governance to investors via its website.	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
6.2.	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.
6.3.	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.
6.4.	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
<b>7.</b>	<b><i>Recognise and manage risk</i></b>	
7.1.	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk,</p>	(a) The Company does not currently have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
	<p>each of which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</li> </ul>	<p>Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>A copy of the Corporate Governance Plan is available on the Company's website.</p> <p>(b) The Company does not have an Audit and Risk Committee as the Board consider the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to oversee the entity's risk management framework:</p> <ul style="list-style-type: none"> <li>(i) the Board devotes time at quarterly Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures; and</li> <li>(ii) the Board has required management to design and implement risk management and internal control systems to manage the Company's material business risks and has required management to report to it on whether those risks are being managed effectively; and</li> <li>(iii) the Chief Executive Officer reports to the Board as to the effectiveness of the Company's management of its material business risks.</li> </ul>
7.2.	<p>The board or a committee of the board should:</p> <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and</li> <li>(b) disclose in relation to each reporting period, whether such a review has taken place.</li> </ul>	<p>(a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, or if one has not yet been established, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose at least annually whether such a review of the company's risk management framework has taken place.</p>

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
7.3.	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>(a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee (or, in its absence, or if one has not yet been established, the Board) to monitor the need for an internal audit function.</p> <p>(b) The Company does not currently have an internal audit function. The Board plays an active role in monitoring the daily affairs of the Company. Each Board member has access to external auditors and the auditor has access to each Board Member. In the event of a resignation of external auditors, the Board will appoint a new external auditor which is subsequently ratified by shareholders in general meeting. In all other cases an external auditor is appointed by shareholders in general meeting. An external auditor can be removed by shareholders in general meeting. The Board does not have a policy for the rotation of external audit engagement partners.</p>
7.4.	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, or if one has not yet been established the Board) to assist management determine whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> <p>The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company will disclose this information in its Annual Report and on its ASX website as part of its continuous disclosure obligations.</p>
<b>8.</b>	<b><i>Remunerate fairly and responsibly</i></b>	
8.1.	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p>	<p>(a) The Company does not currently have a Remuneration Committee. The Company's Corporate Governance Plan contains a Remuneration Committee Charter that provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company does not have a Remuneration Committee as the Board</p>

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
	<p>and disclose:</p> <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <ul style="list-style-type: none"> <li>(i) the Board devotes time at the annual Board meeting to assess the level and composition of remuneration for Directors and senior executives;</li> <li>(ii) the Company has not adopted any schemes for retirement benefits;</li> <li>(iii) the total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of the shareholders in general meeting; and</li> <li>(iv) the determination of non-executive Directors' remuneration within the maximum amount fixed will be made by the Board having regard to the inputs and value to the Company or the respective contributions be each non-executive Director.</li> </ul>
8.2.	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	<p>The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed on the Company's website.</p>
8.3.	<p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise)</li> </ul>	<p>(a) The Company does not currently have an equity based remuneration scheme. The Company does not have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p>

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
	<p>which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>(b) If in the future the Company adopts an equity based remuneration scheme, a copy or a summary of the policy will be disclosed.</p>

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## 12. MATERIAL CONTRACTS

### 12.1 Agreement

The Company has entered into the Agreement with NexGen and the Vendors pursuant to which:

- (a) the Company has agreed to acquire 100% of the NexGen A Class Shares held by each of the A Class Vendors (being 65.25% of the total issued capital of NexGen), and the B Class Vendors have agreed to convert 100% of their NexGen Shares into NexGen B Class Shares (being 34.75% of the total issued capital of NexGen) the full terms of which are set out in Section 13.8 (**Acquisition**);
- (b) NexGen has agreed to grant to the Company (or its nominee) an exclusive and irrevocable option to acquire 100% of the intellectual property in which NexGen has, or will acquire, an interest (**IP Option**); and
- (c) the Company has agreed to grant to each of the B Class Vendors the right to require the Company to purchase 100% of the NexGen B Class Shares (**Put Option**),

(all together the **Transaction**).

The material terms of the Agreement are set out below.

#### **Consideration**

Subject to satisfaction of the Conditions (set out below), in consideration for the acquisition of the NexGen A Class Shares, at Settlement the Company will issue to the A Class Vendors (or their nominees):

- (a) 182,700,000 Shares; and
- (b) 78,300,000 Performance Shares convertible into Shares on satisfaction of the relevant milestones,

(together the **Acquisition Consideration Shares**).

#### **Conditions Precedent**

Settlement of the Acquisition is conditional upon the satisfaction (or waiver) of the following remaining conditions precedent (**Conditions**):

- (a) the Company preparing a full form prospectus to complete an equity raising of not less than any amount required by ASX through the issue of Shares at an issue price of not less than \$0.02 (**Equity Raising**), lodging the prospectus with ASIC to complete the Equity Raising and to re-comply with Chapters 1 and 2 of the ASX Listing Rules and receiving valid acceptances under the prospectus to the value of not less than the amount required by ASX;
- (b) the Vendors being satisfied, acting reasonably, with the proforma financial position and capital structure of the Company after completion of the Acquisition and the Equity Raising and there being no additional Company securities (including options) issued beyond those

already on issue or contemplated by the Acquisition (including options and performance shares issued or proposed to be issued to advisers);

- (c) if requested by either party, the negotiation, execution and delivery of a mutually acceptable definitive:
- (i) share purchase agreement between the Company and the A Class Vendors;
  - (ii) IP Option agreement between the Company and NexGen; and/or
  - (iii) Put Option agreement between the Company and the B Class Vendors,
- to give effect to the Transaction;
- (d) the Company obtaining at its own cost all necessary Shareholder approvals required by the Corporations Act (and any other applicable law or regulations) and the ASX Listing Rules in relation to the Transaction including any approvals required by the Company to re-comply with the admission and quotation requirements of ASX, including without limitation:
- (i) ASX Listing Rule 7.1 approval;
  - (ii) ASX Listing Rule 11 approval authorising a change of activities in relation to the Transaction and if applicable disposal of the Company's main undertaking where it enters into an agreement to dispose of its existing assets;
  - (iii) approval for the change of name of the Company to "Wangle Technologies Limited" or such other name as agreed by the parties;
  - (iv) election of the following persons as directors of the Company on and from Settlement:
    - (A) Jason Gitmans as Managing Director; and
    - (B) Keaton Wallace as Non-Executive Director; and
  - (v) such other approvals as may be identified as necessary as a result of due diligence (e.g. potential for new constitution, auditor requirements, director fee pools and the like);
- (e) the Company complying with all conditions that may be imposed by ASX relating to the undertaking of the Transaction, including, if required, recompliance with Chapters 1 and 2 of the ASX Listing Rules;
- (f) NexGen entering into an agreement with the Company under which it agrees that, in the period between the Company either owning 100% of NexGen or exercising the IP Option, it shall be entitled to 100% of the revenue and profits generated from the business and undertaking of NexGen;
- (g) there being no material adverse change to NexGen prior to Settlement, as determined by the Company acting reasonably;



- (h) there being no material adverse change to the Company prior to Settlement, as determined by NexGen acting reasonably;
- (i) receipt of all necessary regulatory and tax consents or approvals for the proposed Transaction;
- (j) any such other conditions imposed by any regulatory authority that are necessary in order for the Transaction to be properly completed;
- (k) the Company receiving a letter from ASX confirming that ASX will grant conditional re-quotations of the Company's Shares on the official list of ASX, on terms acceptable to the Company (acting reasonably) and the Vendors (acting reasonably);
- (l) the Company entering into a mutually acceptable binding consultancy services agreement with Jason Gitmans for a period of 3 years and a non-executive director appointment letter with Keaton Wallace, each on specified terms and the termination of Keaton Wallace's existing appointment letter and Jason Gitmans' existing services agreement with NexGen effective from Settlement; and
- (m) other conditions precedent customary for transactions of this nature or that arise following due diligence, in each case if and as may be agreed by the parties.

### **Loan**

The Company has advanced to NexGen a loan totalling \$510,000 (**Loan**). The Loan is unsecured and interest free.

Upon Exercise of the IP Option, as consideration for the acquisition of the intellectual property of NexGen by the Company, the Loan will be deemed to have been repaid by the Company.

In the event that the Agreement is terminated prior to Settlement of the Acquisition arising out of a material breach of the Agreement by the Vendors, the Loan will be fully repayable within 60 days of written notice from the Company, subject to NexGen having financial capacity to repay the Loan and otherwise at such later date as NexGen has financial capacity to repay the Loan.

In the event that Settlement of the Acquisition occurs, but the Company does not exercise the IP Option, the Loan will become an inter-company loan due and owing by NexGen.

### **Settlement**

Settlement of the Acquisition (**Settlement**) will occur on that date which is 5 business days after the satisfaction (or waiver by the Company or the Vendors, or both, as applicable) of the Conditions.

### **Board Composition**

Upon Settlement, the composition of the board of directors of both the Company and NexGen is intended to comprise:

- (a) Jason Gitmans as Managing Director;

- (b) Andrew Haythorpe as Chairman; and
- (c) Keaton Wallace as Non-Executive Director.

Upon Settlement:

- (a) Harry Karelis and James Robinson shall resign as Directors of the Company; and
- (b) Robert Pole shall resign as a director of NexGen.

### **Advisor Securities**

The Company has agreed to issue up to 15,000,000 unquoted Options and up to 20,000,000 Performance Shares to advisors subject to Settlement of the Acquisition (**Advisor Securities**).

### **IP Option**

Subject to Settlement of the Acquisition, NexGen has granted the Company (or its nominee) an exclusive irrevocable option to acquire 100% of the intellectual property in which NexGen has, or will acquire, an interest (**IP Option**).

The IP Option shall commence on the date that is 12 months from the date of execution of the Agreement (**Commencement Date**) and end (unless exercised prior) on the date that is 12 months from the Commencement Date (**Option Period**).

In consideration for the IP Option, the parties have acknowledged and agreed that the Company has paid a non-refundable IP Option fee totalling \$100,000 to NexGen.

The Company may exercise the IP Option at any time during the Option Period by delivering to NexGen a written notice stating that the Company wishes to exercise the IP Option (**IP Option Exercise Notice**). The IP Option will lapse if an IP Option Exercise Notice is not provided to NexGen prior to the expiry of the Option Period (or such other date as agreed by VTX and NexGen in writing).

Upon exercise of the IP Option:

- (a) NexGen will be deemed to have entered into an agreement to sell 100% of the intellectual property in which it has, or will acquire, an interest to the Company (or its nominee); and
- (b) in consideration of the acquisition of the intellectual property, the Company agrees that the Loan will be deemed to have been repaid.

Settlement of the acquisition of the intellectual property will occur on the date stipulated by the Company in the IP Option Exercise Notice.

### **Put Option**

Subject to settlement of the Acquisition, the B Class Vendors are irrevocably entitled to require the Company to acquire 100% of the NexGen B Class Shares which the B Class Vendors hold free from encumbrances (**Put Option**).

Subject to exercise of the Put Option, in consideration for the acquisition of the NexGen B Class Shares, the Company will issue to the B Class Vendors:

- (a) 97,300,000 Shares; and
- (b) 41,700,000 Performance Shares convertible into Shares on satisfaction of the relevant milestones,

(together the **Put Option Consideration Shares**).

The B Class Vendors may exercise the Put Option at any time within 12 months after the Commencement Date by delivering to the Company a written notice stating that the B Class Vendors wish to exercise the Put Option (**Put Option Notice**). The Put Option may only be exercised in respect of 100% of the NexGen B Class Shares.

Settlement of the acquisition of the NexGen B Class Shares will occur on the date that is five business days after the Company receives the Put Option Notice (or such other date as agreed between the B Class Vendors and the Company).

### **Termination**

Either party may terminate the Agreement:

- (a) if the Conditions have not been satisfied or waived by 31 January 2016, or such other date agreed in writing by the Company and NexGen, provided the party has used its best efforts to satisfy the Conditions; and
- (b) if the other party commits a material breach of any of its terms, and, if the breach is capable of being remedied, after being notified in writing by the aggrieved party, the other party fails to remedy such breach within 10 days thereafter.

## **12.2 Loan Deed**

Due to the restructure of the proposed transaction, the Transaction is taking longer to complete than was originally contemplated by the parties. As a result, NexGen urgently required additional funding to meet its ongoing working capital requirements.

Accordingly, on 5 November 2015, the Company entered into a loan deed with NexGen pursuant to which the Company has made available \$500,000 (**Advance**) to NexGen to be applied towards the working capital of NexGen (**Loan Deed**). As at the date of this Prospectus, \$260,000 of the Advance has been drawn down by NexGen.

NexGen must repay the Advance plus, any additional moneys loaned or advanced, any financial accommodation provided by the Company to NexGen, any expenses or costs paid for by the Company on behalf of NexGen and any monetary liability and costs incurred by the Company on behalf of NexGen (together the **Principal Sum**):

- (a) in the event that the Agreement is terminated prior to settlement of the transaction contemplated by its terms arising out of a material breach by the Vendors, within 60 days of written notice by the Company, subject to NexGen having financial capacity to repay the Advance and otherwise at such later date as NexGen has financial capacity to repay the Advance; and

- (b) otherwise, 31 December 2016 or such other date as is agreed between the parties,

**(Repayment Date).**

NexGen may, without penalty, at any time prior to the Repayment Date repay to the Company any portion of the Principal Sum.

Interest shall accrue at the rate of 15% per annum (**Interest Rate**) on each advance of the Principal Sum from the date upon which it was advanced by the Company to NexGen. All interest which accumulates up to and including the Repayment Date shall be payable on the Repayment Date. Where any sum payable by NexGen under the Loan Deed is not paid on or before its due date for payment, default interest will accrue on the outstanding amount. Default interest will be calculated at the rate of the Interest Rate plus 5% for the period for which the outstanding amount is overdue.

If any of the following events occur and the Company has by notice in writing advised NexGen of the default, and NexGen has failed to remedy the default within ten (10) business days, the total outstanding amount of the Principal Sum, together with all interest accrued thereon and not then paid and all other amounts payable under the Loan Deed and unpaid shall, at the option of the Company, become due and payable upon demand by the Company:

- (a) (**payment default**): if NexGen fails to repay the Principal Sum or any interest payable on the Repayment Date or fails to pay any other money payable under the Loan Deed on the due date for payment of that money;
- (b) (**other default**): if NexGen fails to perform or observe any of the covenants or provisions of the Loan Deed on the part of NexGen to be performed or observed (other than a failure of the type contemplated by paragraph (a) above) and (if capable of remedy) such default continues for more than ten (10) business days (or such longer period as the Company in its absolute discretion permits) after notice from the Company requiring NexGen to remedy the default, unless the non-performance or non-observance has been waived or excused by the Company in writing;
- (c) (**winding up**): if an application for the winding up or bankruptcy of NexGen is presented and NexGen cannot within ten (10) business days reasonably demonstrate to the Company that the application is frivolous or vexatious or an order is made for the winding up or bankruptcy, or any resolution is passed for the winding up, of NexGen, except that it will not be an event of default where the winding up of NexGen is for the purpose of reconstruction or amalgamation and has the Company's prior written consent (which consent will not be unreasonably withheld);
- (d) (**receiver, etc**): if a receiver or receiver and manager or provisional liquidator of the assets and undertaking or any part of the assets and undertaking of NexGen or any related body corporate is appointed;
- (e) (**warranty**): a breach by NexGen of a warranty;
- (f) (**insolvency schemes**): if without the Company's prior written consent NexGen or any related body corporate enters into any arrangement, reconstruction or composition with its creditors or any of them; or

- (g) **(administrator or inspector)**: if NexGen, any related body corporate, or any other person appoints an administrator to the Borrower or takes steps to do so.

### 12.3 Independent Contractor Agreements

NexGen has entered into two independent contractors' agreements (**Independent Contractor Agreements**) with entities controlled by Jason Gitmans and Robert Pole respectively (**Contractors**) pursuant to which NexGen has engaged:

- (a) Jason Gitmans as Chief Executive Officer; and
- (b) Robert Pole as Chief Information Officer.

The terms and conditions of the Independent Contractor Agreements are summarised below.

In consideration for their services:

- (a) Mr Gitmans will receive:
  - (i) between 27 April 2015 and Settlement, A\$10,000 per month (or part thereof);
  - (ii) within five business days following Settlement, A\$50,000; and
  - (iii) all actual and reasonable expenses directly incurred in performing the services (including communication and travel expenses); and
- (b) Mr Pole will receive:
  - (i) between 11 November 2015 and Settlement, A\$10,000 per month (or part thereof);
  - (ii) for the first twelve months following Settlement, A\$15,000 per month (or part thereof);
  - (iii) for the second twelve months following Settlement, A\$20,000 per month (or part thereof);
  - (iv) for the third twelve months following Settlement, A\$25,000 per month (or part thereof); and
  - (v) all actual and reasonable expenses directly incurred in performing the services (including communication and travel expenses);

In addition, NexGen has agreed to provide an interest free loan of \$50,000, which shall be deemed to have been repaid (and therefore non-repayable) at Settlement. As at the date of this Prospectus, NexGen has advanced NZ\$40,000 (approximately \$37,520) of the loan amount to Mr Poll.

The fees to be paid to Mr Pole following the third anniversary of Settlement will be agreed between the parties.

The term of Mr Gitmans' Independent Contractor Agreement will expire on Settlement. Mr Pole's Independent Contractor Agreement will continue until terminated.

Mr Pole and NexGen may give each other one month's prior written notice of termination of Mr Pole's Independent Contractor Agreement.

NexGen is entitled to terminate the relevant Independent Contractor Agreement with immediate effect in written notice, if:

- (a) Mr Gitmans or Mr Pole (as the case may be) is unable to perform the services under their respective Independent Contractor Agreement for a period of 20 Business Days;
- (b) if NexGen reasonably believes that Mr Gitmans or Mr Pole (as the case may be), by reason of sickness, injury or otherwise, will be unable to carry out the services under their respective Independent Contractor Agreement in a timely and efficient manner;
- (c) the Contractor, Mr Gitmans or Mr Pole (as the case may be) has breached any of the terms of their respective Independent Contractor Agreement (other than a term relating to adequate performance of the services) and, where that breach is capable of remedy, fails to remedy the breach within 10 business days of receipt of written notice from NexGen requiring the breach to be remedied;
- (d) any potential or actual conflict of interest of a Contractor, Mr Gitmans or Mr Pole (as the case may be) is unable to be resolved to NexGen's reasonable satisfaction within 10 business days of the Contractor first informing NexGen of the circumstances of such conflict;
- (e) the Contractor has a liquidator or administrator appointed, or a receiver appointed in respect to any of its assets, or enters into a composition with the Contractor's creditors;
- (f) Mr Gitmans or Mr Pole (as the case may be) becomes insolvent or enters into a composition with his creditors;
- (g) the Contractor ceases to carry on business or threatens to cease doing so;
- (h) the Contractor, Mr Gitmans or Mr Pole (as the case may be) is convicted of any criminal offence;
- (i) the Contractor, Mr Gitmans or Mr Pole (as the case may be) commits any act of dishonesty relating to NexGen; or
- (j) there is a change in directorship, control or ownership of the Contractor such that Mr Gitmans or Mr Pole (as the case may be) together with relations of Mr Gitmans or Mr Pole (as the case may be) are no longer directors, controllers and owners of the Contractor.

The Company proposes to enter into a consultancy agreement with Mr Gitmans on substantially the same terms set out above on and from Settlement (following expiry of the term of Mr Gitmans' Independent Contractor Agreement).

## 12.4 Appointment Letter – Keaton Wallace

NexGen has entered into an appointment letter with Keaton Wallace, on standard terms for agreements of this nature, under which he is entitled to \$8,000 per month plus GST (inclusive of superannuation and all other on costs).

It is intended that Mr Wallace's appointment letter will be terminated with effect from Settlement of the Acquisition and the Company proposes to enter into a non-executive director appointment letter with Mr Wallace on substantially the same terms set out above.

## 12.5 Development Agreement

On 17 July 2015, NexGen entered into an agreement with Simplisite Business Solutions (**Simplisite**) pursuant to which Simplisite has agreed to provide software design and development services. NexGen and Simplisite subsequently entered into a Web & Software Services Contract to more fully document the terms of the arrangement (**Development Agreement**).

The Development Agreement commenced in August 2015 and will continue for an initial term of 6 months (**Term**), subject to:

- (a) early termination of the Development Agreement; or
- (b) extension of the term of the Development Agreement as agreed between the parties in writing.

In consideration for these services, NexGen has agreed to pay to Simplisite:

- (a) an upfront payment for equipment and hub setup of \$52,614 (which has been paid); and
- (b) development costs of \$388,500 (plus GST) (with an additional development contingency of \$35,000 (plus GST)),

(together the **Development Fees**).

In addition, subject to the prior approval of NexGen, NexGen shall pay to Simplisite:

- (a) US\$90 per month for any services of hosting websites and software provided by Simplisite to NexGen (**Hosting Costs**);
- (b) an hourly rate for any ongoing services provided by Simplisite to NexGen (**Ongoing Service Fees**); and
- (c) an hourly rate for any other work performed by Simplisite which is outside the scope of the Development Agreement (**Ongoing Rates**).

Any ongoing Hosting Costs and Ongoing Services Fees that are not on an hourly basis, and the Ongoing Rates will be reviewed on 1 July each year of the Term.

Ownership of any software created by Simplisite specifically for NexGen under the Development Agreement (**Developed Software**) is at all times to be transferred to and retained by NexGen upon delivery to NexGen.

All intellectual property rights in the Developed Software, a website or other items that have been developed, created, customised or maintained for

NexGen by Simplisite under the Development Agreement shall at all times remain the property of Simplisite. Upon payment of the charges associated with the development and on completion of each project milestone, ownership of the Developed Software will pass to NexGen, including all moral and legal ownership and intellectual property rights.

Either party may terminate the Development Agreement immediately on written notice to the other, where the other party:

- (a) breaches any material provision of the Development Agreement or materially defaults in the performance of any of its duties and obligations under the Development Agreement, and in the case of a breach or default capable of remedy, the breach or default is not remedied within 14 days after written notice is given to the defaulting party; or
- (b) commits an act of insolvency, come under any form of insolvency administration or assigns or purports to novate its rights or obligations otherwise than in accordance with the Development Agreement.

## 12.6 Business Cooperation Agreement

NexGen has entered into an agreement with degordian d.o.o. (a company incorporated in Zagreb, Croatia) (**degordian**) in connection with the digital marketing and promotion of the Wangle software product (**Business Cooperation Agreement**).

Under the Business Cooperation Agreement, degordian has agreed to provide the following services to NexGen:

- (a) app analytics;
- (b) Facebook advertising;
- (c) Google advertising; and
- (d) other services related to digital marketing and promotion of the Wangle software product.

In consideration for these services, NexGen will pay monthly fees to degordian, which will be calculated as a percentage of the budget spent by NexGen in that month on Facebook and Google advertising, plus fees defined by the third party analytics tool provider.

Subject to settlement of all of degordian's claims, degordian will irrevocably transfer all copyright in the products and services provided by degordian to NexGen.

The Business Cooperation Agreement will continue until 15 July 2016.

Either party may terminate the Business Cooperation Agreement without cause by giving two months' written notice to the other party.

Further, either party is entitled to cancel the Business Cooperation Agreement without notice if the other party fails to perform or does not perform in a timely manner and/or duly, obligations arising from the agreement. If a party intends to cancel the agreement, it shall provide the other party 15 days notice in which to



rectify the shortcomings. If the shortcomings are not rectified within 15 days, the party may cancel the contract in writing.

## **12.7 Deeds of indemnity, insurance and access**

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, our Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances. The Company intends to enter deeds on materially the same terms with each of the Proposed Directors following their respective appointments.

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## **13. ADDITIONAL INFORMATION**

### **13.1 Litigation**

As at the date of this Prospectus, our Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against our Company.

### **13.2 Rights attaching to Shares**

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **(a) General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

#### **(b) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### **(c) Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the

proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

**(d) Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

**(e) Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

**(f) Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

**(g) Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being

wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

**(h) Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

**13.3 Terms of existing Options (exercisable at \$0.025 on or before 31 August 2018)**

Each existing Option on issue in the Company as at the date of this Prospectus, entitles the holder the right to subscribe for one Share on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
  - (b) The Options will expire at 5:00pm (WST) on 31 August 2018 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (c) The amount payable upon exercise of each Option will be \$0.025 (**Exercise Price**).
  - (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  - (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
  - (h) The Options are transferrable.
  - (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
  - (j) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted

pursuant to the exercise of Options on ASX within 10 Business Days after the allotment of those Shares.

- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

#### **13.4 Terms of Options to be issued to an adviser (exercisable at \$0.075 each on or before 31 August 2018)**

5,000,000 of the Options proposed to be issued pursuant to Note 8 to the table in Section 7.11 will entitle the holder the right to subscribe for one Share on the following terms and conditions:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.075 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 August 2018 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

**13.5 Terms of Options to be issued to an adviser (exercisable at \$0.10 each on or before 31 August 2018)**

5,000,000 of the Options proposed to be issued pursuant to Note 8 to the table in Section 7.11 will entitle the holder the right to subscribe for one Share on the following terms and conditions:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.10 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 August 2018 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.



(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

**13.6 Terms of Options to be issued to an adviser (exercisable at \$0.15 each on or before 31 August 2018)**

5,000,000 of the Options proposed to be issued pursuant to Note 8 to the table in Section 7.11 will entitle the holder the right to subscribe for one Share on the following terms and conditions:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.15 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 August 2018 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on and from the date on which the Optionholder has introduced institutional investors that together hold not less than 5% of the issued Shares of the Company within 18 month of the date of issue of the Options until the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option

certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

### 13.7 Terms of Performance Shares

The terms and conditions of the Performance Shares are as follows:

***Rights attaching to the Performance Shares***

- (a) **(Performance Shares):** Each Performance Share is a share in the capital of VTX Holdings Limited (ACN 096 870 978) (VTX).
- (b) **(General meetings):** Each Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of VTX that are circulated to the holders of fully paid ordinary shares in the capital of VTX (**Shareholders**). Holders have the right to attend general meetings of Shareholders.
- (c) **(No voting rights):** A Performance Share does not entitle the Holder to vote on any resolutions proposed by VTX except as otherwise required by law.
- (d) **(No dividend rights):** A Performance Share does not entitle the Holder to any dividends.
- (e) **(No rights to return of capital)** A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Rights on winding up):** A Performance Share does not entitle the Holder to participate in the surplus profits or assets of VTX upon winding up.
- (g) **(Not transferable):** A Performance Share is not transferable.
- (h) **(Reorganisation of capital):** If at any time the issued capital of VTX is reconstructed (including a consolidation, subdivision, reduction, cancellation or return of issued share capital), all rights of a Holder will

be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.

- (i) **(Application to ASX):** The Performance Shares will not be quoted on ASX. However, if VTX is listed on ASX at the time of conversion of the Performance Shares into fully paid ordinary shares (**Shares**), VTX must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.
- (j) **(Participation in entitlements and bonus issues):** A Performance Share does not entitle a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(Amendments required by ASX):** The terms of the Performance Shares may be amended as necessary by the VTX board in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
- (l) **(No Other Rights):** A Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

#### **Conversion of the Performance Shares**

- (a) **(Milestones):** A Performance Share in the relevant class will convert into one Share upon achievement of:
  - (i) **Class A:** VTX (or an entity controlled by VTX) having a consumer based android app based on use of the Group's Technology publicly available in the Google Play store within 3 years from the date of settlement of the Acquisition (**Milestone A**);
  - (ii) **Class B:** VTX (or an entity controlled by VTX) having a consumer based iOS app based on use of the Group's Technology publicly available in the Apple App Store within 3 years from the date of settlement of the Acquisition (**Milestone B**);
  - (iii) **Class C:** VTX (or an entity controlled by VTX) receiving \$1,000,000 in cumulative revenue, as confirmed by VTX's auditor or another suitably qualified independent third party mutually agreed by VTX and NexGen, pursuant to an agreement to license the Group's Technology within 3 years from the date of settlement of the Acquisition (**Milestone C**); and
  - (iv) **Class D:** VTX (or an entity controlled by VTX) having 1,000,000 paying users of the Group's Technology publicly available in the Google Play or Apple App store within 3 years from the date of settlement of the Acquisition (**Milestone D**),

(each a **Milestone** and together the **Milestones**).

For the avoidance of doubt, "**Acquisition**" means the acquisition by VTX of 100% the A Class Shares in NexGen Networks Limited (a company registered in New Zealand with NZBN 9429041699768) as further

described in the Company's Notice of Meeting dated 23 November 2015.

- (b) **(Conversion on change of control):** Notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:
- (i) a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of VTX having received acceptances for more than 50% of VTX's shares on issue and being declared unconditional by the bidder; or
  - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of VTX or its amalgamation with any other company or companies,

that number of Performance Shares that is equal to 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Performance Shares then on issue as well as on a pro rata basis for each Holder. Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

- (c) **(Redemption if Milestone not achieved)** If the relevant Milestone is not achieved by the required date, then each Performance Share in that class will be automatically redeemed by VTX for the sum of \$0.00001 within 10 Business Days of non-satisfaction of the Milestone.
- (d) **(Conversion Procedure):** VTX will issue the Holder with a new holding statement for the Share issued upon conversion of a Performance Share within 10 Business Days following the conversion.
- (e) **(Ranking upon conversion)** The Share into which a Performance Share may convert will rank *pari passu* in all respects with the existing VTX Shares.

### 13.8 Rights attaching to NexGen B Class Shares

The terms of issue of the NexGen B Class Shares shall be as follows:

- (a) Each NexGen B Class Share is a share in the capital of NexGen Networks Limited (NZBN 9429041699768) (**NexGen**).
- (b) Each NexGen B Class Share confers on the holder (**Holder**):
- (i) the right to receive notice of and attend every meeting of shareholders of NexGen; and
  - (ii) the right to receive copies of all written resolutions in lieu of meetings of shareholders of NexGen.
- (c) A NexGen B Class Share does not entitle the Holder to vote on any resolution except on a resolution:
- (i) to reduce NexGen's share capital;

- (ii) to approve the terms of a buy-back by NexGen of any of its shares;
- (iii) that affects the rights attached to the NexGen B Class Share;
- (iv) to put NexGen into liquidation;
- (v) to dispose of the whole of NexGen's property, business and undertaking; or
- (vi) during the liquidation of NexGen,

in which case each NexGen B Class Share shall confer on the Holder the right to one vote on such a resolution.

- (d) For the avoidance of doubt, a NexGen B Class Share does not entitle the Holder to any dividends or any share in the distribution of the surplus assets of NexGen.
- (e) Other than with the prior written consent of all other shareholders, a NexGen B Class Share is not transferable.
- (f) A NexGen B Class Share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be negated or modified.

### 13.9 ASX confirmations and waivers

#### **ASX Listing Rule 1.1 Condition 11**

ASX has granted the Company a waiver from ASX Listing Rule 1.1 Condition 11 to the extent necessary to permit the exercise price of three tranches of 5,000,000 Options with exercise prices of \$0.075, \$0.10 and \$0.15, respectively (being those Options on the terms described in Sections 13.4, 13.5 and 13.6 above), proposed to be issued in consideration for the provision of corporate advisory and investor relations services (together the **Advisor Options**), not to be at least \$0.20 on the following conditions:

- (a) The exercise prices of the three tranches of Advisor Options are not less than \$0.075, \$0.10 and \$0.15, respectively.
- (b) The terms and conditions of the Advisor Options are clearly disclosed in the Notice of Meeting and in this Prospectus.
- (c) The Company's Shareholders approve the exercise prices of the Advisor Options in conjunction with the approvals to be obtained under ASX Listing Rule 11.1.2 in respect of the Acquisition.
- (d) The terms of the waiver are immediately disclosed to the market and are clearly disclosed in the Prospectus. This was done by announcement to ASX on 30 November 2015.

#### **ASX Listing Rule 6.1**

ASX has confirmed that the terms of the Performance Shares are appropriate and equitable for the purposes of ASX Listing Rule 6.1, subject to the following conditions:

The Company obtains shareholder approval for the issue of the Performance Shares and the notice of meeting seeking shareholder approval includes sufficient information about the terms and conditions of the Performance Shares including, if applicable, approval for the issue of the Performance Shares which are to be held by a related party pursuant to Chapter 2E of the Corporations Act 2001 (Cth).

- (a) The Performance Shares are not quoted.
- (b) The Performance Shares are not transferable.
- (c) The Performance Shares do not have voting rights, subject to those required by law.
- (d) The Performance Shares do not permit the holder to participate in new issues of capital such as bonus issues and entitlement issues.
- (e) The Performance Shares do not carry an entitlement to a dividend.
- (f) The Performance Shares do not carry an entitlement to participate in the surplus profit or asset of the Company upon winding up of the Company.
- (g) Each Performance Share is converted into one Share on achievement of the relevant performance milestone.
- (h) If the performance milestone for a class of Performance Shares is not satisfied within 36 months of the date of settlement of the Acquisition, each Performance Share in that class will be cancelled.
- (i) The Company makes an announcement upon the conversion of any of the Performance Shares.
- (j) The terms and conditions of the Performance Shares, including without limitation the relevant performance milestones that have to be satisfied before each class of Performance Shares is converted into Shares, are not to be changed without the prior approval of ASX and the Company's shareholders.
- (k) Upon conversion of the Performance Shares into Shares, the Company will apply to the ASX for quotation of those Shares within the requisite time period.
- (l) The Company discloses the following in each annual report, annual audited accounts, half-yearly report and quarterly cashflow report issued by the Company in respect of any period during which any of the Performance Shares remain on issue or were converted or cancelled.
  - (i) The number of Performance Shares on issue during the relevant period.
  - (ii) A summary of the terms and conditions of the Performance Shares, including without limitation the number of Shares into which they are convertible and the relevant performance milestones.
  - (iii) Whether any of the Performance Shares were converted or cancelled during that period.

- (iv) Whether any performance milestones were met during the period.
- (m) The Company discloses the following in item 9 of each Appendix 3B lodged by the Company while any of the Performance Shares remain on issue.
  - (i) The number of Performance Shares on issue at the time of lodgement of the Appendix 3B.
  - (ii) The conversion ratio of the Performance Shares into Shares upon achievement of a relevant performance milestone.
- (n) The terms of the waiver are immediately disclosed to the market and are clearly disclosed in the Prospectus. This was done by announcement to ASX on 30 November 2015.

### **ASX Listing Rule 7.3.2**

ASX has granted the Company a waiver from ASX Listing Rule 7.3.2 to the extent necessary to permit the Notice Of Meeting seeking Shareholder approval for the issue of no more than 31,500,000 Shares and 13,500,000 Performance Shares to Robert Pole as consideration for the Company to acquire of all of the NexGen B Class Shares upon exercise of the Put Option (**Pole Consideration Securities**), to state that the Pole Consideration Securities may be issued later than 3 months of the date of the Meeting, on the following conditions:

- (a) The Pole Consideration Securities must be issued no later than 24 months from the date of the General Meeting, subject to Shareholder approval having been obtained and the Put Option having been exercised.
- (b) The Pole Consideration Securities is issued pursuant to the relevant terms and conditions set out in the Notice of Meeting.
- (c) The circumstances of the Company have not changed materially since the holders of Shares approved the issue.
- (d) The terms of the waiver are immediately disclosed to the market and are clearly disclosed in the Prospectus. This was done by announcement to ASX on 30 November 2015.

### **ASX Listing Rule 10.13.3**

ASX has granted the Company a waiver from ASX Listing Rule 10.13.3 to the extent necessary to permit the Company to issue no more than 65,800,000 Shares and 28,200,000 Performance Shares to Jason Gitmans as consideration for the Company to acquire of all of the NexGen B Class Shares upon exercise of the Put Option (**Gitmans Consideration Securities**), to state that the Gitmans Consideration Securities may be issued later than 1 month of the date of the General Meeting, on the following conditions:

- (a) The Gitmans Consideration Securities must be issued no later than 24 months from the date of the General Meeting, subject to Shareholder approval having been obtained and the Put Option having been exercised.



- (b) The Gitmans Consideration Securities is issued pursuant to the relevant terms and conditions set out in the Notice of Meeting, and on the same terms and conditions as for the Pole Consideration Securities.
- (c) The circumstances of the Company have not changed materially since the holders of Shares approved the issue.
- (d) The terms of the waiver are immediately disclosed to the market and are clearly disclosed in the Prospectus. This was done by announcement to ASX on 30 November 2015.

### **13.10 Interests of Directors and Proposed Directors**

Other than as set out in this Prospectus, no Director or Proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or Proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### **13.11 Interests of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (d) the formation or promotion of the Company; or
- (e) the Offer.

Pitcher Partners BA&A Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 9 of this Prospectus. The Company estimates it will pay Pitcher Partners BA&A Pty Ltd a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Pitcher Partners Corporate & Audit (WA) Pty Ltd has received \$56,217 in fees from the Company (including GST and disbursements) for other services.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer and the Transaction. The Company estimates it will pay Steinepreis Paganin \$100,000 (excluding GST and disbursements) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received \$153,803 in fees from the Company (including GST and disbursements) for other legal services.

Security Transfer Registrars Pty Ltd has acted as share registry for the Company in relation to the Offer and the Company estimates it will pay \$3,500 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Security Transfer Registrars Pty Ltd has received \$60,788 in fees from the Company (including GST and disbursements) for other services.

### **13.12 Consents**

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Pitcher Partners BA&A Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the

Investigating Accountant's Report in Section 9 of this Prospectus in the form and context in which the report is included. Pitcher Partners BA&A Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Pitcher Partners Corporate & Audit (WA) Pty Ltd has given its written consent to being named as the Company's auditor in this Prospectus and to the inclusion of the audited financial information of the Company in the Investigating Accountant's Report in Section 9 of this Prospectus in the form and context in which the information is included. Pitcher Partners Corporate & Audit (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

BDO Auckland has given its written consent to being named as NexGen's auditor in this Prospectus and to the inclusion of the audited financial information of NexGen in the Investigating Accountant's Report in Section 9 of this Prospectus in the form and context in which the information is included. BDO Auckland has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Cameron Worth has given his written consent to being named as an independent technical and commercial advisor engaged by the Company to assist the Company in undertaking a formal review, and an extensive testing regime under controlled conditions, of the Wangle technology, and the inclusion of the results of such testing which are set out in Section 7.3(d) in the form and context in which that information is included. Mr Worth has not withdrawn his consent prior to lodgement of this Prospectus with the ASIC.

Security Transfer Registrars Pty Ltd has given its written consent to being named as the share registry to the Company in this Prospectus. Security Transfer Registrars Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

### 13.13 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$159,400 for full subscription and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Full Subscription (\$10,000)
ASIC Fees	\$2,320
ASX Fees	\$90,887
Legal, Accounting and Due Diligence Expenses	\$110,000
General Meeting / Share Registry Costs	\$3,500
Printing and Distribution	\$5,000
Miscellaneous	\$2,503
<b>Total</b>	<b>\$214,210</b>

### **13.14 Continuous disclosure obligations**

Following admission of the Company to the Official List, the Company will be a “disclosing entity” (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

### **13.15 Privacy statement**

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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**14. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented to the lodgement of this Prospectus with the ASIC.

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**Andrew Haythorpe**  
**Non-Executive Chairman**  
**For and on behalf of**  
**VTX Holdings Limited**

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## 15. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

**\$** means an Australian dollar.

**Acquisition** has the meaning given in Section 5.2.

**Acquisition Consideration Shares** has the meaning given in Section 12.1.

**Agreement** means the binding terms sheet between the Company, NexGen and the Vendors dated 27 October 2015, the material terms of which are summarised in Section 12.1.

**Application Form** means the application form attached to or accompanying this Prospectus relating to the Offer.

**ASIC** means Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the official listing rules of ASX.

**Board** means the board of Directors as constituted from time to time.

**Business** means developing, commercialising and marketing NexGen's software technology "Wangle".

**Class A Performance Shares** means Performance Shares that will convert to a Share on the achievement of Milestone A as set out in Section 13.7.

**Class B Performance Shares** means Performance Shares that will convert to a Share on the achievement of Milestone B as set out in Section 13.7.

**Class C Performance Shares** means Performance Shares that will convert to a Share on the achievement of Milestone C as set out in Section 13.7.

**Class D Performance Shares** means Performance Shares that will convert to a Share on the achievement of Milestone D as set out in Section 13.7.

**Closing Date** means the closing date of the Offer as set out in the indicative timetable set out on page 1 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

**Company** means VTX Holdings Limited (to be renamed 'Wangle Technologies Limited') (ACN 096 870 978).

**Consideration Shares** means the Acquisition Consideration Shares and the Put Option Consideration Shares.

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of the Company at the date of this Prospectus.

**General Meeting** means the meeting of Shareholders to be held on 23 December 2015 at which Shareholder approval is being sought for the Transaction Resolutions.

**IP Option** has the meaning given in Section 5.2.

**NexGen** means NexGen Networks Limited (a company registered in New Zealand with NZBN 9429041699768).

**NexGen A Class Share** has the meaning given in Section 5.2.

**NexGen B Class Share** has the meaning given in Section 5.2 with the terms and conditions set out in Section 13.8.

**NexGen Share** has the meaning given in Section 5.2.

**Notice of Meeting** means the notice of meeting in relation to the General Meeting released by the Company to ASX on 23 November 2015.

**Offer** means the offer of Shares pursuant to this Prospectus as set out in Section 6, of up to 200,000 Shares at an issue price of \$0.05 per Share to raise up to \$10,000.

**Official List** means the official list of ASX.

**Official Quotation** means official quotation by ASX in accordance with the ASX Listing Rules.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Performance Shares** means the performance shares with the terms and conditions set out in Section 13.7.

**Proposed Directors** means Jason Gitmans and Keaton Wallace.

**Prospectus** means this prospectus.

**Put Option** has the meaning given in Section 5.2.

**Put Option Consideration Shares** has the meaning given in Section 12.1.

**Section** means a section of this Prospectus.

**Securities** means all securities of the Company, including a Share, an Option or a Performance Share (as the context requires).

**Settlement** means settlement of the Acquisition in accordance with the terms of the Agreement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.

**Share Registry** means Security Transfer Registrars Pty Ltd (ACN 008 894 488).

**Transaction** has the meaning given in Section 5.2.

**Transaction Resolution** means the Shareholder resolutions referred to in Section 5.7 to be considered at the General Meeting, as described in further detail in the Notice of Meeting.

**Vendors** has the meaning given in Section 5.2.

**WST** means Western Standard Time as observed in Perth, Western Australia.